

The NATIONAL UNDERWRITER

Life Insurance Edition



HAROLD M. PATTERSON

Harold M. Patterson was a high school teacher in Hammond, Indiana for a period of twelve years. On May 29, 1951 he signed his Franklin contract—with no previous sales experience.

Here is his record:
214 sales from June 1951 through September 1952. 200 of them were on Franklin exclusives. In seven months of 1951 his cash earnings were \$5,938. In the first nine months of this year he earned \$9,393. Total for fourteen months with Franklin \$15,331, despite teaching from September to February.

GENERAL AGENCY
OPPORTUNITIES IN
DAYTON, HAMILTON
PORTSMOUTH, AND
CINCINNATI, OHIO
AND COVINGTON,
KENTUCKY

Franklin exclusives don't require selling

Mr. Francis J. O'Brien, Vice President
The Franklin Life Insurance Company
Springfield, Illinois

Dear O'B:

I couldn't believe the stories told by ex-teachers who, within a year after leaving the teaching profession, were doubling their previous incomes. More amazing was the fact that in most cases they were doing it without any previous selling experience. My first few interviews showed me the reason. The remarkable Franklin exclusives do not require selling—they require explaining. The teacher, with his years of experience in explanations, has here something people like to hear explained—the answer to the universal problem—"When are we going to save some money?" The most nearly perfect solution to this problem is contained in the Franklin special merchandise. What a tremendous advantage we, who are fortunate enough to represent the Franklin, enjoy over our competitors. Whether the client wants pure savings, pure protection, or a combination, we can provide it most attractively with GLA, Home Protector, PPIP, and JISP, either singly or in combination.

A recent survey of my first 214 sales shows that 200 are the Exclusive Franklin plans. Whatever success I have enjoyed stems from concentration on these plans plus unexcelled Home Office cooperation.

I am sincerely grateful for the opportunity presented me by the truly friendly Franklin.

Cordially,

Harold M. Patterson

An agent cannot long travel at a faster gait than the company he represents.



The Friendly
FRANKLIN LIFE INSURANCE COMPANY

CHAS. E. BECKER, PRESIDENT

SPRINGFIELD, ILLINOIS

DISTINGUISHED SERVICE SINCE 1884

One of the 15 Oldest Stock Legal Reserve Life Companies in America

Over a Billion Dollars of Insurance in Force

\$205,000,000 gain in insurance in force during 1951

FRIDAY, NOVEMBER 7, 1952



A Good Item



FOR CHRISTMAS SHOPPING LISTS

According to a Fortune Magazine Survey,* business executives spend more than \$250,000,000 annually on business gifts. The peak months when business gifts are selected are November and December.

Over a third of U.S. business firms give Christmas gifts to employees.

The business man not only plans his gift activities in advance but regards the practice of gift-giving as an important part of his public relations.

The survey points out that tops on the list, and duplicated year after year, are such items as food products, liquor, and perfumes.

Since these are the facts, why not encourage executives to give employees a more lasting gift — GROUP INSURANCE. It demonstrates a keen interest in his employees' well-being, and it is a gift which lasts the whole year 'round.

Here is a gift that for employees means greater security and peace of mind . . . for the executive reduced employee turnover, increased production, and the reputation of having his company known as "A Good Place To Work."

*A survey taken by the Fortune Magazine Commercial Research Department.

Write for free copy of form G-257 . . . "Group Insurance As a Christmas Gift."

NEW YORK LIFE INSURANCE COMPANY

51 MADISON AVENUE, NEW YORK 10, N. Y.

Extraterritoriality Seen as Weakness of 213 in CIO Suit

**But Charge That Law
Curbs Collective Bargain-
ing Is Believed Ineffectual**

By ROBERT B. MITCHELL

NEW YORK — The extraterritorial control feature of New York's expense limitation statute is regarded as its most vulnerable point in the CIO's suit, in the opinion of most life insurance people who are following this case. They don't think so much of the CIO's other main ground, the contention that sections 213 and 213-a interfere with collective bargaining to a degree prohibited by federal and state labor relations laws.

The CIO has brought action for declaratory judgment against the New York department and John Hancock and has asked for an injunction restraining Superintendent Bohlinger from enforcing the restrictions until the court has decided whether they are constitutional. A decision on the latter point is expected about the middle of this month.

Is Extraterritoriality Needed?

The CIO is regarded as strongest in questioning the reasonableness of permitting New York to prescribe, for instance, what kind of contract a Massachusetts life insurance company may have with its representatives in Indiana, as a condition of being allowed to operate in New York. Is this degree of extraterritorial control needed to make sure that companies are soundly and equitably operated in the interests of their policyholders? There are many who feel that it goes a good deal further than necessary in pursuit of the state's admittedly praiseworthy objectives.

Because of the long time that section 213 has been in effect and its consequent close intertwining with so many aspects of the life insurance business, there is general agreement among company people affected by it that it would be a calamity if it should be knocked out, even though if the business had grown up without it probably nobody would be asking for such a law.

No Immediate Danger

However, it does not appear that there is any possibility of section 213 being tossed out overnight. In view of its having been on the books so long, and the chaos its suspension would cause, nobody feels it is likely that the New York supreme court will grant the injunction sought by the CIO. And whoever wins the first round, the question of 213's constitutionality seems sure to go to the U. S. Supreme Court for final adjudication. Consequently, should there appear to be much of a chance that the statute would be held unconstitutional there would be time to amend present regulatory statutes so that even if the Supreme Court were to decide against 213 and 213-a, entirely or in part, the resulting dislocation would be held to a minimum.

In fact, present efforts to modernize and liberalize section 213 are being affected by the possibility that CIO might win its suit or at least win enough of it to make it important to take that con-

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NEBRASKANS HEAR O'LEARY

Points to Life Company Investment Metamorphosis

Principal trends in life insurance company investments during the postwar period have been a steady and pronounced decline in holdings of U. S. government securities, a sharp expansion in the mortgage portfolio, particularly on one to four family residential real estate, and a spectacular increase in holdings of the securities of business and industry, especially industrial and utility bonds. Dr. James O'Leary, director of investment research of Life Insurance Assn. of America, said before the insurance institute sponsored by Nebraska Insurance Federation at Lincoln.

"These shifts," he added, "were inevitable in the face of the tremendous demand for capital funds which developed in private sectors of our economy during the postwar reconversion and expansion. They are also a reflection of the great pressure of competition on all life companies to earn the highest possible rate of return on investments as is consistent with safety of principal.

Problems to Be Faced

"Despite the wealth of investment outlets which, generally speaking, have been available to life companies in the postwar period, there have been and are today a number of problems facing the life company investment officer. These range from the fairly technical question of establishing a sound system for valuation of assets to the broad economic problem of whether in coming years the supply of investment outlets in our national economy will be sufficiently great to absorb the savings accumulated through life insurance and through other channels. Suffice it to say that there will always be problems connected with any process as dynamic as the investment of life insurance savings must be."

Terming the large decline in life company holdings of United States government securities as perhaps the most dramatic trend which has occurred since the last war, Dr. O'Leary said this decline was a perfectly natural development and one that was to be expected. The relatively low rate of 2½% on long-term government securities, plus the unbalanced portfolio position, made it inevitable that as peacetime conditions were restored and a flow of real estate mortgages and corporate securities came forth in good volume the life insurance companies would move to redress the balance. The promptness with which the life insurance companies have acted reflects not only on the ready availability of good outlets in private sectors of the economy but also the alertness of life insurance company investment officers in achieving their primary investment objectives, he declared.

"BUILT IN" LIQUIDITY

"There is considerable speculation today," he said, "as to how much further the life insurance companies will continue to reduce their holdings of government securities. Considerable attention is being paid to what might be termed a 'normal' percentage of life insurance company assets in government securities. Thus, there are some who point out that life company holdings of governments are now approaching a 'fairly normal' percentage of assets in terms of prewar times. Much of this thinking is based on the belief that life insurance companies will always hold a sizeable amount of government securities for

liquidity purposes. In this connection, however, it is well to keep in mind that due to the amortization of mortgages, as well as industrial loans, life insurance companies today have a large amount of 'built in' liquidity in their portfolios."

Continuing, the speaker asserted that the postwar period has witnessed an enormous expansion of mortgages in life insurance company portfolios, with this expansion centered heavily in mortgages on one to four-family residences where the mortgages are FHA-insured or VA-guaranteed. It should be pointed out, however, that in 1951 and 1952 there has occurred a noticeable shift to conventional mortgage loans, due to the government policy of maintaining fixed interest rates on FHA and VA mortgages at a time when other interest rates have risen.

The tremendous shift of life insurance companies into real estate mortgages has, of course, been an inevitable development in the light of the boom in residential and other construction which has taken place in the last several years. With real estate mortgages on all types of property available in great supply, and with the improved rate of return which life insurance companies can earn on mortgages as compared with government securities, it was to be expected that the companies would shift into this field.

BUY INDUSTRIALS

As to the third area of major change in life insurance investment portfolios since the end of the second world war, Dr. O'Leary pointed out that the increase in life insurance company holdings of securities of business and industry was another development which was to be expected. As the war ended and business concerns felt the need for capital funds to finance reconversion and expansion, it was perfectly natural to expect that life insurance company holdings of these securities would rise in response to business needs. The sharp expansion of business financing in the first few years after the war was reflected in the equally sharp increase of life insurance company holdings in these securities, and the bulge which occurred in 1951 after a downturn in 1949 and 1950 was, of course, the product of industrial expansion after the start of the Korean fighting. In 1951, life insurance company investments in this area were concentrated in industries important for the defense effort.

Channelling of Funds

"After reviewing these trends in life company investments one arrives inevitably at the conclusion that in the postwar period the savings of millions of life insurance policyholders have been directed by the forces of competition to those areas where they have been most needed to encourage and make possible the great expansion of our national economy which has occurred in the past several years," the speaker said. "The channelling of life insurance investments in the postwar period has been a striking illustration of the way competitive forces work inevitably to satisfy the economic needs of the country."

Dr. O'Leary then said that the period since the close of the war has been so rich in investment opportunities for life insurance companies that he was hesitant about discussing the "problems"

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Commissioner Ranks Are Affected by Tuesday Results

**New Faces May Appear
in Ill., Ind., Mass., Tenn.,
Ark., Minn.**

As a result of the Tuesday elections there are some candidates among the insurance commissioners for early eligibility for membership in the Passé Club International. This is the organization comprised of former insurance commissioners of the U. S. and Canada.

J. Edward Day, who is Governor Stevenson's appointee as insurance director of Illinois, is marked for exodus with the election of a Republican governor in that state. Thor Wanless, who is a Springfield attorney and who was formerly a member of the Illinois insurance department, has been openly bidding for the appointment and he is regarded as a strong possibility. Others that are mentioned include Nellis Parkinson of Central Standard Life, who was insurance director under a former Republican administration, and W. W. Hamilton, who is executive secretary of Chicago Board of Underwriters and of Illinois Assn. of Insurance Agents.

Change in Indiana

In Indiana the story is that Linn Kidd, prominent insurance agent of Brazil, will be named to replace Frank Viehmann, who will become doubly eligible for membership in Passé Club International because he is serving a second term after an interregnum. Mr. Kidd was very influential in the campaign of George Craig, his fellow townsman, who was elected on the Republican ticket as governor of Indiana.

Congressman Herter's surprise election as governor of Massachusetts over Democratic Governor Dever means that Commissioner Dennis Sullivan will be replaced. The possibility of a Republican victory there was so remote that there seems to have been little pre-election skirmishing for the position of insurance commissioner under Herter. Mr. Sullivan and the insurance people have pretty largely kept their distance.

Despite the election of a Republican governor in Minnesota, C. Elmer Anderson, there are doubts about the tenure of A. Herbert Nelson as insurance commissioner. He is finishing out a six year term to which Newell Johnson was originally appointed and which also encompassed a tenure by Armand Harris for a couple of years or so. Nelson is a Republican. His term expires Feb. 1, 1953. The question is just how cozy Mr. Nelson may be in his relations with the governor-elect.

Tennessee Situation

M. O. Allen, the Tennessee commissioner, has been ill and probably would not be in line for appointment in any event, but he is on the wrong side of the Democratic house so far as the new governor is concerned. There have been rumors that J. M. McCormack, former Tennessee commissioner, may be invited to return to office.

Even though Mennen Williams, Democrat, may not be able to scrape through in his bid for reelection as

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Ordinary Agent Finds Blue Collar Market Elusive

Cincinnati Panel Says Payment Habits Turn Prospects to Debit Man

CINCINNATI—The debit agent is probably getting into the ordinary agent's prospect field to a greater extent than is the reverse, according to opinion expressed at a panel discussion led by combination managers at a meeting of Cincinnati Associated Life General Agents & Managers.

Mentioning there is a great deal to be done in increasing the percentage of national income going into life insurance premiums, the discussants observed that because of the home service the debit agents render, they are better equipped to sell and service the bulk of the market most able to buy.

One ordinary general agent said he had made specific plans to cultivate the so-called "blue collar" market, but that they just would not work out. Because he can call at the home right at the time the insured has the money to pay the premium, the debit agent has an advantage the ordinary agent cannot overcome. The advantage lies in the difference of the two agency systems.

Participating in the panel were W. A. Sullivan, chairman, and Frank Albanese, Metropolitan; C. E. Price, Western & Southern; L. F. Wittnauer, Prudential, and J. G. S. Meyer, John Hancock.

Can Meet Monthly Payments

Despite the improvement in income of the "blue collar" prospect, he does not have the money to put aside sizable premiums for regular ordinary. He will, however, put aside \$10 or \$20 on a monthly premium basis and the monthly premium debits of combination companies have skyrocketed. A combination manager said emphatically that the average combination man is doing more programming in selling ordinary than is the average ordinary agent. The amount of programming being done in connection with social security by the man on the debit is "pathetic," he asserted.

The average debit agent services about \$50,000 premiums a year: \$200 weekly debit, \$1,500 monthly debit, and \$20,000 regular ordinary. He receives one-half of his income, about \$3,000, from servicing and conserving this business and the balance comes from sales of new business. He must replace about 15% of his business each year which is lost through death, maturity, and lapse.

A past president's certificate was awarded to R. C. Hageman, Equitable Society, by J. C. Benson, Union Central, secretary of managers' group of National Assn. of Life Underwriters.

Cheek Is a Shoo-in

RALEIGH, N. C.—Commissioner Cheek easily won election to his first full four-year term as head of the North Carolina department in the Nov. 4 election. His opponent was John Tucker Day of Walkerton, who was running on the Republican ticket.

Mr. Cheek was appointed by Gov. W. Kerr Scott in June, 1949, to succeed Commissioner Hodges, who resigned. He was elected easily to the remaining two years of the term in the 1950 election.

Connecticut Mutual Life has appointed Melvin G. Campbell, Jr., supervisor for the Smith agency at Atlanta. He has been with the company since 1949.

Hancock Tries Out Hard Hitting Newspaper Copy

John Hancock is running in 10 representative cities a series of full-page newspaper advertisements designed to bring home to the average policyholder and his wife the tough spot that a family is in when its breadwinner dies without adequate insurance. The copy emphasizes that a great many family heads don't carry even the bare minimum of 1½ times a year's salary. Though serious in tone and hard-hitting, it doesn't go to lengths that could bring complaints about good taste.

One of the advertisements carries the headline: "Most U. S. Families Wouldn't Have a Chance—Would Yours?"

The message goes on: "Let's face it. Although most family heads have some life insurance, less than one-third have an amount equal to their incomes for a year and a half. Yet that's considered the barest minimum required! Protection has not kept pace with inflated prices and increased pay checks. Have you figured recently what your life insurance would do for your family today? It may shock you."

Tie-in with Agents

The advertisements are designed to impel readers to immediate action and agents in the cities where the "ads" are appearing are equipped with kits enabling them to make maximum use of the advertising's effectiveness. The agent is given reproductions of the entire series of advertisements, booklets to be given his best prospects, and "teaser" postcards to be sent to prospects two or three days before the advertising appears.

One of the advertisements features a big headline: "Shocking Fact," then

"70% of the Family Heads in America Don't Own Enough Life Insurance to Give Their Families Even a Fighting Chance." Accompanying this is a picture of a father with his baby daughter.

For another advertisement the headline, over a picture of a widow and two young daughters, reads: "Yes, Life Insurance Paid for the Funeral Bills but How Are We Going to Eat?" The accompanying text reads: "To family after family comes the sudden realization that the 'security' of Dad's life insurance was just an illusion." This is followed by references to protection not keeping pace with inflated prices and rising pay-checks.

Another striking headline is: "Of Course You Have Life Insurance... But Do You Have Enough?" The picture with this shows a mother and daughter looking happily at a younger child in a crib, while the father stands back of them looking worried.

Other headlines include these: "Are you aware of the tragedy in life insurance today?" (with a picture of a young widow holding her small son and the want-ad section of a newspaper); and "You Mean That's All the Life Insurance Money That's Left?" (with a picture of a widow and her daughter talking with a man).

Results of the advertising on sales will be evaluated later but the campaign has been under way too short a time to permit any appraisal of its power.

C. Rigdon Robb of Northwestern Mutual Life at Chicago discussed pensions and profit sharing for small businesses at a meeting of South Bend (Ind.) Estate Planning Council.

Herbert Rose New President of Cal. Assn. of A. & H. Clubs

SAN FRANCISCO — Herbert Rose, Unity Mutual, was elected president of California Assn. of A. & H. Insurance Clubs at the annual meeting here. Harvey French, Glens Falls Indemnity, was elected vice-president and Al. Foster, Massachusetts Bonding, secretary. All are from Los Angeles, where the 1953 convention will be held.

While warning that group coverages through the new union welfare systems are reducing the market for the agent, Thomas W. Cordry, Jr., consultant on A. & H., and welfare plans for employers, said that in his opinion there is a market still untouched by companies and agents.

Mr. Cordry said compulsory systems—including these employee plans—are certain to become more numerous. He believes the companies should provide additional coverage to insure a worker's as well as a professional man's earnings up to at least 75%. He cited the use of social security benefits by life agents to sell additional insurance, bringing the total more in line with insured's future requirements.

Union Plans "Controlled"

Mr. Cordry said these employee compulsory systems are in fact "controlled" business which he feels may be subject to investigation, as union members are included without choice of broker, coverages or company by the oft-reluctant employer. These cases, he said, "are definitely controlled—the employer, as well as the employee, must accept the union's broker and company and the benefits. They are not of his own choosing." He cited one case now about to be completed in the San Francisco area which includes 100,000 union members. This case, he said, will affect "many present personal accident policies."

But, he pointed out, the A. & H. agent can, as the life men do, provide the difference between these benefits, including the \$35 a week paid under the state UCD plan, to increase the benefits returns to an amount closer to the total average earnings of the insured. He suggested that A. & H. writers "go along with these welfare employee plans, but definitely try to control them."

S. S. Battleson, West Coast Life, president the past year, opened the meeting. Al. Mueller, chief assistant insurance commissioner, welcomed the group in behalf of Commissioner Maloney. The remainder of the session was devoted to a forum with Henry H. Childress, associate counsel Pacific Mutual Life; Arnold Brown, Metropolitan; J. N. Andrews, counsel, and F. J. O'Regan, assistant counsel of the California department, as participants. The panel, with George W. Kemper, Fireman's Fund Indemnity, as moderator, considered uniform provisions laws, minimum benefits and standards laws and problems of policy approval.

Hear Galloway, Little, Rose

At the afternoon session John G. Galloway, Provident L. & A., Birmingham, Ala., president of International Assn. of A. & H. Underwriters, spoke on the importance of proper statements and word-usage in making an approach. Robert E. Little, Paul Revere Life, president of San Francisco A. & H. Underwriters Assn., hereafter to be known as the Northern California Assn., spoke on the romance of selling A. & H. He outlined the similarity between courtship (the approach), engagement (interview), marriage (the close), divorce (lapse). He announced that the association is organizing a "vigilante" committee to screen complaints regarding actions of producers—such as misrepresentation, etc.—and then submit evidence received to the insurance de-

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The COMMONWEALTH Commentary

Salute to Ashland

Commonwealth salutes the Ashland, Kentucky district office on its spectacular performance.

During the four-week period ending October 31, this agency submitted a total of \$1,286,724.

To John Grubb, district manager, and his splendid group of associates go Commonwealth's heartiest Congratulations.

INSURANCE IN FORCE, October 1, 1952 — \$588,114,001



COMMONWEALTH
Life Insurance Company

HOME OFFICE • LOUISVILLE, KY.

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The Prudential announces with pride . . .

A NEW PREFERRED WHOLE LIFE POLICY



One of the lowest cost policies offered today for your prospects who
can qualify



Issued at ages 21 to 59, minimum amount: male, \$10,000;
female, \$5,000



Waiver of Premium Disability Benefit included



Available with the Accidental Means Death Benefit—and with Family
Income and Decreasing Term Riders.

MR. BROKER—

For rates, details and free sales material on Prudential's New
Preferred Whole Life Policy, call your nearest Prudential
Ordinary Agency, or write: Brokerage Service, The Pruden-
tial, Newark, N. J.



The PRUDENTIAL

INSURANCE COMPANY OF AMERICA

A mutual life insurance company

Home Office: Newark, N. J. • Canadian Head Office: Toronto, Ont. • Southwestern Home Office: Houston, Tex. • Western Home Office: Los Angeles, Calif.

Company Action on '53 Dividends Is Shown

AETNA LIFE

The 1953 dividend scale for ordinary policies in the participating department has been increased by Aetna Life.

Dividend appropriations next year will approximate \$3,525,000 under the new scale, this being 13% higher than would have been required under the scale in effect this year.

Interest to be allowed in the participating department on proceeds of policies left with the company for all payments falling due in 1953 and to be allowed on dividend accumulations will remain at 2 3/4%, except where a higher rate is guaranteed.

The same rate of interest will be paid in the non-participating department.

CONNECTICUT MUTUAL LIFE

Dividends to policyholders for 1953 will be increased an average of 10.25% by Connecticut Mutual Life.

This is the sixth dividend increase in 10 years and the 1953 scale is in the aggregate 49% more liberal than the scale in effect 10 years ago.

A total of \$16 million will be distributed next year, this being approximately \$1,500,000 more than the 1952 amount.

The increase in individual dividends varies according to the plan of insurance and age. Increases apply to policies based on the American experience table as well as to policies based on the CSO Table.

Interest rate for 1953 will be 3 1/4% on money left with the company under its optional settlement contracts, which now amounts to more than \$93 million, and 3% on dividend accumulations which now amounts to over \$50 million.

MUTUAL BENEFIT LIFE

Mutual Benefit Life has authorized distribution of dividends in 1953 amounting to approximately \$16,400,000, compared with \$14,600,000 in 1952. Since the increase is the result of higher earnings arising from the improvement in interest rates, dividends which will be most favorably affected are those on policies of longer durations.

In constructing the new dividend scale, weight was given to the rising level of expenses. Certain policies of recent issues, although sharing in the increased distribution arising from interest earnings, will be adversely affected due to this increased level of expense.

MUTUAL LIFE

Mutual Life has tentatively approved dividends of \$23,100,000 to be distributed to policyholders during 1953.

Dividends will be 11.1% greater than in 1952. While part of the increase is attributable to a greater amount of insurance in force, most of it is due to a general rise in the dividend scale.

NATIONAL LIFE, VT.

The National Life dividend scale for 1953 calls for payments of \$1 million more than were made this year. Virtually all of policyholders will benefit from a new scale, increases being greater for older policies. This is the second dividend increase in two years.

Credit Cover on Increase

H. Lee Rhodus of old Republic Credit Life of Chicago, in addressing the convention of Minnesota Finance Conference at Minneapolis, said one-third of those buying on the installment plan are covered by consumer credit insurance. He said that some 68,800 claim payments were made under such policies in the first six months of this year.

Starts with Father, Gets to Son 1,000 Weeks Later

W. L. Hall, Mutual Benefit Life, Louisville, wrote his first application on the life of Carlos C. Steed, more than 20 years ago. He recently completed his 1,000 consecutive week of submitted business by writing an application on the life of Howard M. Steed, son of his first policyholder.

Rietz Discusses A. & S. Trends; Lauds Agents

The field man or agent is more important in accident and sickness insurance than in life underwriting, because he determines the "grade" of applicant that he solicits, H. Lewis Rietz, vice-president Lincoln National Life and chairman executive committee of H. & A. Underwriters Conference, said before the insurance institute meeting sponsored by the Nebraska Insurance Federation at Lincoln. This grade selection by the agent is real and its importance in long-term experience with A. & S. cannot be overemphasized, he said.

Has Life Underwriting Factors

Mr. Rietz made some comparisons between life insurance and A. & S., saying the latter involves most of the factors of life underwriting—age, past and present physical condition, occupation, morals, habits and finances—but their order of importance is quite different. Finances and overinsurance are far more important in A. & S. than in life underwriting. Character and occupation are two other elements which are also more important in A. & S. underwriting.

"In life underwriting, once the case is placed the agent's job is done. Most A. & S. business is not guaranteed and must be reunderwritten from time to time in renewal years. Actually, an A. & S. company's initial underwriting liberality may be markedly influenced by its willingness to delay and reject claims and reunderwrite very severely in renewal years. Such practices were not uncommon in the past. Fortunately, though, there is a trend toward better initial underwriting followed by more liberal claim and renewal underwriting procedures. This trend has, of course, primary policyholder and public relations implications."

Full coverage to applicants with given impairments at an extra premium—common in life insurance—presents extremely difficult problems in A. & S.

and, hence, is little used, he said. However, a few companies are experimenting with full coverage at an extra premium for a few groups of impaired A. & S. risks. While this is encouraging, there is serious doubt that such practice can ever be extended on the broad basis common in life insurance, the fundamental difference being that while "death is an easily determined factual thing, disability is a subjective thing not necessarily undesirable to the insured and often somewhat within his control."

"Thus, the trends in A. & S. insurance are better initial underwriting, liberal renewal underwriting, liberalization of benefits under established types of policies and the continued introduction of new coverages designed to meet the needs of the public."

Life Rejections Decreasing

Mr. Rietz also detailed the history and importance of medical knowledge and statistical experience which has resulted in the accepting of life insurance risks today which were formerly rejected for lack of sound underwriting standards. He pointed out, however, that although the advance of medical and surgical techniques has brought about considerable liberalizations in life underwriting, not all classes of impaired applicants are affected uniformly.

"In some, the extra mortality has all but disappeared; in other, little or no change has been realized. Production procedures, health and safety standards in established industries continue to improve, but new production procedures currently in the fields of plastics and atomic energy present new underwriting questions. Therein lies the present day challenge in life underwriting."

Announce More Speakers for N. Y. Policyholder Workshop

Additional members of the faculty for the policyholder relations workshop, to be sponsored by Life Insurance Advertisers Assn. at Rye, N. Y., Nov. 10-14, have been announced.

Henry F. Obermeyer, vice-president of the public relations firm of Bozell & Jacobs, will discuss the fundamentals of sound customer relations; Harry Krueger, general agent of Northwestern Mutual Life in New York will discuss policyholder relations from the standpoint of the field man; Frank Maher, 2nd vice-president of John Hancock, will discuss the same subject from the viewpoint of field management, and Olin J. Budd, assistant comptroller of Phoenix Mutual, will cover the role of the cashier.

David W. Tibbott, New England Mutual Life, president of L.A.A., will address the closing luncheon.

Cal. 'Ad' Hearing Postponed

The date of the hearing of United of Chicago before Commissioner Maloney of California on allegations of violation of the insurance code in regard to advertising, originally set for Nov. 6 at San Francisco, has been postponed to Jan. 12.

The postponement was granted after A. Teschke, counsel for the company, visited San Francisco and had conferences with insurance department personnel, and also consulted local counsel at Los Angeles. Judge Steinhart of San Francisco was retained as counsel, and the postponement was granted so that he might familiarize himself with the case.

Unlicensed Sales Penalized

Jesse E. Terry of Portola, Cal., was found guilty in superior court of Plumas county of acting as an agent for American Farmers of Phoenix, Ariz., which is not licensed in California. He received a suspended sentence of six months in jail, was fined \$100 and as a condition of probation was ordered to make restitution of nearly \$1,000 to holders of policies he had sold.

LEST AULD ACQUAINTANCE be Forgot...



In Public Service
Since 1894

Excellent agency opportunities
available in select territories.

NATIONAL CASUALTY COMPANY
DETROIT 26, MICHIGAN

Remember—It's Easiest to Sell the Best!

Business that renews throughout the years is based on sound service principles that foster confidence. That's why National Casualty's Accident & Health, Hospitalization and Medical Care policies for the Individual, Family, Franchise or True Group case can help you build a clientele of satisfied policyholders.

Earls Takes Over as M.D.R.T. Chief

Tighten Qualification Rules, Set Dates for 1953 Annual Meeting

In keeping with the recent trend requirements for qualification in the 1953

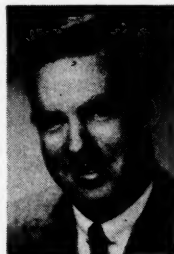
Million Dollar Round Table have been tightened somewhat, according to William T. Earls, Mutual Benefit Life, Cincinnati, who officially has taken over as M.D.R.T. chairman, succeeding Walter N. Hiller, Penn Mutual Life, Chicago.

This year certification of membership in National Assn. of Life Underwriters must be made on an affidavit type of statement, signed by both the applicant and either the president or secretary of the local association.

Membership applications for 1953 are available from M.D.R.T., 1 North La Salle street, Chicago. Forms are now being mailed to 1952 members.

Because it is permissible officially to announce membership in the 1953 table as soon as an application is approved by the chairman, it is being urged that all forms be submitted as soon as possible.

The annual meeting of M.D.R.T. will be held at the Greenbrier hotel at White Sulphur Springs, W. Va., June 29-July 2.



W. T. Earls

Mass. Mutual Will Keep French Lick Hotel Open

Massachusetts Mutual will continue to operate the French Lick Springs hotel, French Lick, Indiana, as a resort and convention hotel, according to J. T. Strange, mortgage loan vice-president. However, the company is also willing to negotiate for the sale of the property, he reported.

Massachusetts Mutual acquired the \$4 million property through mortgage loan foreclosure action this summer when John B. Cabot, New York and Florida hotel man who purchased it for a reported \$4 million in 1946, failed to exercise an option to buy it back. The company had helped finance his original purchase with a \$1,550,000 loan.

Famous as a spa and resort since the turn of the century, the 600-room hotel, with 2,000 acres of land, has attracted many insurance conventions in recent years. Latest held there was the Mid-West Management Conference, Oct. 23-25. Bookings of conventions are being accepted under Massachusetts Mutual ownership, and, according to Mr. Strange, service and facilities will be improved where necessary.

Speak at Nashville Meets

John F. Handy, general counsel for Massachusetts Mutual Life, spoke on the legal phases of pensions at a meeting of Nashville Life Insurance Trust Council, and Ernest W. Furnans, Jr., associate general counsel for the same company, discussed "Corporate Coverage" at a gathering of the Nashville C.L.U. chapter.

Revise Juvenile Benefits

Jefferson Standard Life has begun paying full death benefits on juvenile policies, except those of issue under age 6 months where the death benefit the first policy year will be \$250. Former juvenile policies had graded death benefits to age 5.

The company issues participating and non-participating on the juvenile policies following basis: Endowment at

ages 17-20; 20-year endowment; 20-pay endowment to ages 60-65, and 85.

Life of Ga. Men Run Clinic

Recently G. S. Cutini, director of training Life of Georgia, organized a three-day sales clinic which was given in Macon, Ga., to provide a sales training course for local sales people in Macon. Mr. Cutini and Assistant Agency Vice-president W. Sheffield Owen of Life of Georgia were among the 12 instructors. The clinic was a huge success.

Time of Policy Issuance Is Premium Due Date

Arkansas supreme court has ruled that in the absence of an advance challenge by assured the premium date shown on the face of the policy is binding. The decision reversed a lower court ruling under which Mrs. C. C. Williams was awarded the face value of two \$2,500 life policies issued to C. H. Williams by Pyramid Life of Arkansas.

The policies bore a March 21, 1949,

issuance date but were not delivered until March 24 when the first premium was paid. Williams died August 23, 1951. The last monthly premium was paid July 20, 1951—during the 31 days grace period. The issue was whether the grace period again started July 21 or July 24.

Because it would be impossible to determine the due date of a premium other than by examination of the policy, the court ruled that the date of issuance prevails as to the date when the premium is due.

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...Build with these **EXTRA ADVANTAGES** of our Prosperity Contract

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Expense-Free Compensation
Compensation plan is separate from expense. Overwritings—1st year and renewal—are yours!

Vested Overwriting Renewals
Easy-to-attain qualifications entitle you to your renewals whether you live, die or quit.

\$10,000 Preferred Risk Contract
Competitive net cost. Attracts many new clients.

New Income Protection Rider
Complete. Adjusted to every need, 10 to 50 years, convertible to permanent forms.

New Brokerage Contract
For Life Men. Top commissions, plus 1st year expense allowance and fully vested renewals.

Result-proved Direct Mail
... and other unique sales plans. Make even new agents immediate producers!

and here's what you have to attract good agents

- Liberal first-year commissions
- Monthly expense allowance
- Extra 1st and 2nd year renewals
- Continuous service fee after vested renewals expire
- Attractive retirement plan
- Success-proven training plans
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If you've had some successful insurance experience and are 28 to 50, write for full details on our Prosperity Contract. Address—

Russell S. Moore, Manager of Agencies

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Pennsylvania	Tennessee	Illinois
New Jersey	Kentucky	Iowa
West Virginia	Indiana	California

The MIDLAND MUTUAL Life Insurance Co.

250 E. Broad Street, Columbus 16, Ohio

High Points of Opposing Briefs in CIO 213 Suit

Union Hits Law as Curb on Bargaining and Out of State Companies

NEW YORK—The Insurance & Allied Workers Organizing Committee, CIO, in its brief filed in connection with its suit to have sections 213 and 213-A of the New York insurance law set aside attempts to show that the sections are unconstitutional and void and that Superintendent Bohlinger has no power to act thereunder.

It bases these contentions on these grounds: The sections are a direct burden on interstate commerce; they violate the due process clause of the 14th amendment to the federal constitution "by reason of their direct regulation of activities carried on within the boundaries of states other than the state of New York and such regulation is not and cannot be permissible under the

(CONTINUED ON PAGE 20)

State Brief Holds Agents Have Waived Rights to Challenge Statute's Power

NEW YORK—Entirely aside from the merits of the case, the CIO is in no position to question the constitutionality of the expense limit provisions of the New York insurance law because in their contract with the John Hancock the unionized agents agreed that the contract was made subject to the expense limit provisions of these statutes.

This point is made in the brief filed by Samuel A. Hirshowitz, assistant attorney-general of New York, on behalf of the New York department in the CIO's suit for declaratory judgment and a temporary injunction against enforcement of section 213 and 213-a. John Hancock is a defendant along with Superintendent Bohlinger of the New York department.

Referring to the collective bargaining contract's inclusion of a provision mak-

ing it subject to the expense limit provisions, the state's brief says:

"Nevertheless, in the face of such provision of the collective bargaining contract, plaintiffs seek to ignore these provisions of the contract which they plead as part of their right to maintain this action."

The brief also makes the point that the plaintiffs are not directly affected by the provisions of the statute to the extent required to challenge its constitutionality.

Most of the brief is devoted to argument in support of sections 213 and 213-a on their merits. It points out the serious consequences that would follow a declaration that the two sections were unconstitutional, saying that it "would immediately affect the operations of the other relevant sections of the statute . . . and would irreparably damage the insurance and savings of billions of policyholders in this state and elsewhere."

Cites Due Process Clause

The brief makes the point that the validity of a state statute under the due process clause of the 14th amendment to regulate commissions of agents engaged in the insurance business is established and that "the question is not open in the Supreme Court of the United States."

The brief quotes the Supreme Court's opinion in *O'Gorman & Young, Inc., vs. Hartford Fire 282 U.S. 251*, in which it held that the state may regulate agents compensation or commission. It quotes this passage: "Excessive commissions may result in an unreasonably high rate level or in impairment of the financial stability of the insurer."

"That case was decided more than 20 years ago," the brief points out, "and the legislature appropriately states in its report 'It can hardly be seriously argued at this time that section 213 and its predecessor, section 97, which has been in effect since 1907, and section 213-a, which had been in effect since 1940, which section withstood the test of time, are unreasonable or arbitrary in their provisions.'"

EXTRATERRITORIALITY

Taking up the CIO's challenge to the asserted extraterritorial effect of section 213 and 213-a, the state contends that this is likewise without merit.

"The statute merely requires foreign insurance companies to conform with the requirements of doing business with which all companies must comply," it states. "That is a condition to their doing business in the state of New York. On five occasions within the last 15 years, state statutes regulating insurance have been attacked on the ground of allegedly invalid extra territorial effects. On each of these occasions, the Supreme Court has upheld the pattern of regulation. . . .

"Typical is perhaps the leading case on this subject, *Hoopeston Canning Co. vs. Cullen, 318 U.S. 313 (1942)*, where the court sustained provisions of the New York state law as applied to reciprocal insurance associations licensed to do business in New York but with headquarters in Illinois. The regulations which New York imposed included stipulated operating reserves for payment of losses, a requirement for the maintenance of unimpaired surplus and the use of a standard form of a power of attorney for all subscribers, wherever located. Upholding the validity of this statute the court stated:

Some Effect Timetable

"These regulations cannot be attacked merely because they affect business activities which are carried on outside the state. Of necessity, any regulations affecting the solvency of those doing an insurance business in a state must have some effect on business practices of the same company outside the state. Nothing in the constitution requires a state to nullify its own protective standards because an enterprise regulated has its headquarters elsewhere. The power

New York may exercise to regulate insurance associations may be applied to foreign associations which New York permits to conduct the same kind of business. The appellants cannot, 'by spreading their business and activities over other states . . . set at naught the public policy of New York (*Great Atlantic & Pacific Tea Co., vs. Grosjean, 301 U.S. 412, 42781 L. Ed. 1193-1201, 57 S. Ct. 772, 112 ALR 293.*)

"Whereas here the state has full power to prescribe the forms of contract, the terms of protection of the insured, and the type of reserve funds needed, 'the mere fact that state action may have repercussions beyond state lines is of no judicial significance.' (*Osborne vs. Ozlin, 310 U.S. 53 (1939).*)

No Loss of Power

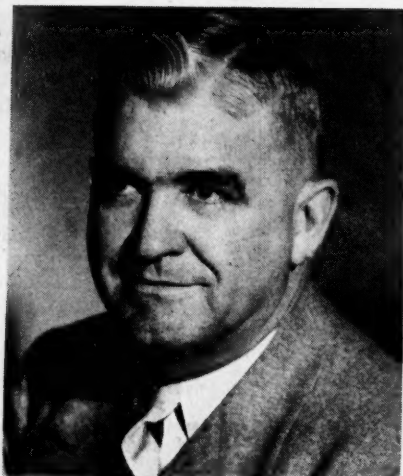
"Neither New York nor Illinois loses the power to protect the interests of its citizens because these associations carry on activities in both places. (*Alaska Packers Assn. vs. Industrial Accident Commission, 294 U.S. 532.*)

"We think the regulation themselves, since they are aimed at the protection of the solvency of the reciprocals or at promoting the convenience with which New York residents may do their insurance business, are all within the scope of state power. (*Osborne vs. Ozlin.*)"

COMMERCE ANGLE

The state's brief contends that any attack on the statutes on the grounds of the commerce clause is without force and that the U. S. Supreme Court has held directly that the commerce clause does not preclude a requirement by a state that foreign insurers meet requirements such as that state sets forth in 213 and 213-a.

The brief cites the following passage from the *McCarran-Ferguson act* (published on page 23)

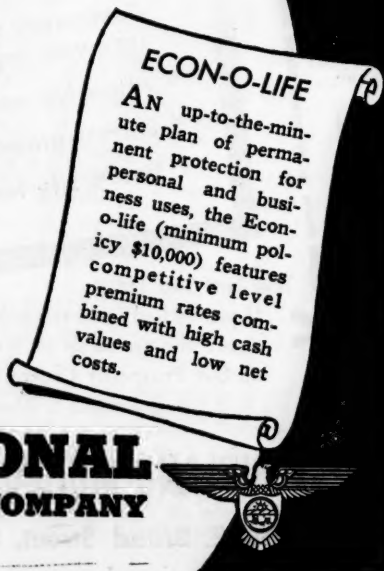


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Mountain Grove, Mo.

Another SUCCESS STORY!

Since joining the L. A. Wood Agency of Springfield, Missouri, less than three years ago, John H. Hicks has won company-wide recognition as one of our most competent and successful underwriters. John's growing list of clients includes many business and professional people who are quick to appreciate the merits of the Ohio National Econ-o-life policy plan as the answer to their life insurance needs.

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Liberal Commissions

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A General Agency Company

WRITE H. S. McCONACHIE, Vice Pres.

Personal Insurance Market Endangered Hogg Declares

There has been a growing tendency on the part of government to regard every fortuitous event as an insurable risk which must be protected against by a government insurance program when a private insurance market does not exist, Robert L. Hogg, executive vice-president and general counsel of American Life Convention, said at the insurance institute sponsored by Nebraska Insurance Federation at Lincoln. The government has indicated a growing impatience with the personal insurance business, he added.

Personal Cover Can Meet Needs

"Our private institutions should respond to the needs of our people for proper insurance protection, but a 'need' cannot be created by legislative fiat. It must exist as an insurable risk, the cost of which is capable of being spread over a large number of persons without discrimination. The personal insurance business is equal to the task and will supply the need when given the opportunity."

Speaking on "Some Problems and Trends in the Personal Insurance Business in Relation to Government," he said that in appraising today's problems we in the insurance business derive comfort from the fact that the business has always had its problems and somehow we must have met them, for on the life insurance side in two decades we have seen insurance in force grow from \$108 billion to \$262 billion with a corresponding increase in assets. Extremely limited personal accident and health coverage of 20 years ago now embraces 80 million people.

Many factors affect the companies' position as to selling, and everything that increases cost is extremely important. Of even greater importance in this same area is competition from government. This competition is such an important economic problem that its consideration should receive treatment as a theory of government instead of only a factor of cost of company operation, the speaker pointed out.

Life Company Taxation

"On the cost side," Mr. Hogg asserted, "corporate income taxation is of immediate concern, particularly to life companies. I shall discuss the life company tax for two reasons. First, a very large proportion of personal insurance other than life is held by life companies. Second, traditionally, changes in life company taxation have their repercussions in the taxation of other types of the personal insurance business. This problem has been the number one problem even antedating the Federal income tax law itself. It was a problem when the tax was solely a corporate excise tax."

He continued that basic difficulties arise because "ours is a unique business," and taxation of a unique business produces complications, which produce misunderstandings. Speaking particularly of the life insurance business, Mr. Hogg explained its long range function and operation and why there can be no such thing as passing tax costs on to the customer "except in the case of participating business when and as there may be a reduction of dividends."

Substantial Taxes for 1952

He gave an example of the public misunderstanding which arose from applying the formula designed for satisfactory tax revenues in the 1942 revenue act to 1947 business, from which was born the 1950 stop-gap law and its two extensions. Remarking that the Joint Committee in Internal Revenue Taxation and the Treasury have been making extensive studies to develop some formula for the taxation of companies which can have some degree of permanence, he said that no one should get

the idea that the business is not now paying substantial taxes. He pointed out that excluding social security taxes, federal and state, estimated at \$25 million, 1952 operations will produce a tax reaching \$310 million, a sum probably in excess of 3% of present premium income.

Federal income taxes also have a decided effect on the purchase of life insurance, because distribution of life insurance is directly related to personal income, he stated. An increase in income tax liability forces upon the taxpayer a readjustment of his finances and the

first curtailment is quite apt to be in the area of his savings which would include insurance. Obviously with the lessening of disposable income, there is a corresponding restriction in the market for new insurance. This situation decidedly gives the insurance business a big stake in what the government does in the field of personal income taxation.

Mr. Hogg also discussed the interest of the insurance business in keeping up the value of its product by fighting inflation; tax advantages of certain pension plans, especially as presented in

some bills introduced in Congress to aid self-employed persons; how government policy in the investment field affects the cost of personal insurance; and the possibility of taxation of fringe benefits as income to the employee.

Washington Activity Increasing

"Of more immediate concern to the personal insurance business is the position of the Bureau of Internal Revenue," he said, "in seeking to apply the doctrine of constructive receipt to maturity values of insurance contracts for income tax purposes. Notice must also



She taught us how to spell "freedom"

The day she came into your life it didn't seem like school at all.

There you were cooped up in class again, and summer was gone, and the new books looked hard, and everybody said, *Boy, wait till they give you Long Division*. You should have felt scared and miserable—but you didn't. For the first time ever, you were GLAD to be in school.

And the reason for it all was something about the new teacher.

She was sort of pretty, but that wasn't the main thing. It was more that she was happy. She seemed glad to be there, and glad that you were there. When she called on you to recite, she listened as if you were teaching her something. It got so you could even talk to her about important things, like she was a person and not a teacher at all.

She wasn't ever yelly or mean. If you started clowning, she'd stop and wait, and the other kids would shut you up because they wanted to hear what she was saying. Then she'd look at you, not angry,

just a little disappointed, and you felt worse than if she had bawled you out.

School went quickly that year. By the time summer came again, you had read all those hard books (what was hard about them?), you were doing Long Division (baby stuff), and you felt bigger, steadier, more sensible than ever before in your life.

Years later you went back to see her. She remembered your name, and seemed proud to hear how well you were doing. You looked at the new pupils in their little chairs, reminding you how small and helpless you had been once...

In everyone's life there is this woman whose name we may have forgotten. She is the Nice Teacher, who began our real education by letting us discover for ourselves the lightness and the weight of freedom. You can find her in any American school today, still as young as you remember her, and sort of pretty, and never yelly, and never mean.

John Hancock

MUTUAL LIFE INSURANCE COMPANY.
BOSTON, MASSACHUSETTS



THIRTY-SEVEN

Home Office schools conducted over a period of 18 years is evidence of the Company's feeling in the matter of long-range training. The success of the 776 field associates who have attended such schools is proof that "we earn as we learn." The 37th School held this month re-emphasized the Company's conviction that continuous training builds career life underwriters.

EQUITABLE LIFE INSURANCE COMPANY of IOWA

FOUNDED IN 1867 IN DES MOINES

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UNDERWRITERS

be made of the present inequitable income tax on annuity payments which, under the label of taxation, is really a capital levy. These things cause one to ask whether the time-honored social value of personal insurance is to be questioned."

He concluded that the personal insurance business is more and more directly affected by what is done and what is not done in Washington. "Like any other business, we constantly face problems and situations peculiar to our business. Our challenges come in the less obvious problems and situations whose indirectness is disarming. These also are on the increase and are typical of the Washington scene."

NSLI RECORD

\$10 Billion Lapse Affects 1,200,000

WASHINGTON — More than \$10 billion in lapsed GI term life insurance will be lost forever under present laws unless the 1,200,000 veterans who have permitted their policies to lapse reinstate them before the terms expire during the next 14 months, says veterans administration.

The policies involved are term National Service Life issued to 1,100,000 World War II veterans who took out their policies while in service during the last two months of 1944 and all of 1945, and to 100,000 World War II and post-World War II veterans who took out policies while in service during the last two months of 1947 and all of 1948.

The first group have 8-year term policies and the second group 5-year term. Both terms expire during the last two months of 1952 or during 1953, depending on anniversary dates of policies. If veterans do not reinstate before policies expire, the VA said, they will not be eligible for further GI life coverage under Public Law 23, 82nd Congress.

Veterans who have NSLI policies in force under premium paying conditions receive two notices from the agency before terms expire, advising them of renewal right. However, veterans who have permitted their policies to lapse receive no further notices. It is this latter group who must take action if they wish continued coverage.

Propose Insured Medical Care Through Team Practice

A new plan for the promotion of voluntary prepayment for medical care through independent, self-sustaining medical centers and the development of "team practice," involving general practitioners, specialists and other personnel, is proposed by American Federation of Medical Centers, a non-profit organization of business men and doctors whose declared purpose is to "show communities how to provide modern, comprehensive medical care at a cost of \$1 to \$2 a week including medical, hospital surgical, dental and eye care." While the various centers would be affiliated through the new organization, there would be no central control.

It is stated that insurance policies will be made available through private insurance companies to individuals and to families on a voluntary basis, with arrangements for participation by employers. Policies for the medically indigent may be purchased, in full or in part, with welfare funds.

Headquarters of American Federation of Medical Centers are at 3919 John R street, Detroit, with a New York office at 500 Fifth Avenue. Its directors are Wendell W. Anderson, president Bundy Tubing Co., Detroit, chairman; Dr. Edgar H. Norris, educator and surgeon, Detroit; Frank Surface, assistant to the president of Standard Oil Co. of New Jersey; Howard J. McAfee of Simpson, Thatcher & Bartlett, New York; James A. Rowan, chairman Group Attitudes Corp., New York, and Clark Swart, Andsec Estates, Inc., Detroit.

West Coast Life Ups W. L. Hardy to Executive V.-P.

William L. Hardy has been advanced from superintendent of agencies of West Coast Life to executive vice-president in charge of agencies.

Mr. Hardy joined West Coast as an agent at Watsonville, Cal., in 1931. He was appointed manager of the home office agency at San Francisco in 1940. He later was named inspector of agencies in northern California.

A leader in association affairs, he served as president of both San Francisco Life Underwriters Assn. and of San Francisco General Agents & Managers Assn.



W. L. Hardy

Interstate L. & A. Advances Arnold and McCullough

Interstate L. & A. has advanced Carl J. Arnold, supervisor of the accounting department, to controller, and Boyd McCullough of the actuarial department, to agency secretary. Mr. Arnold has been with the company since 1946, Mr. McCullough since 1940.

The following department managers have also been appointed: William T. Brownlee, credit insurance; Adolph Zinkler, education and training, and J. R. Leal, Jr., field personnel.

New department supervisors are Herman Dodd, IBM; Noel Barron, central planning; W. E. McIntosh, field underwriting and claims; W. V. Mulligan, home office underwriting, and J. C. Kirkpatrick, accounting.

In addition, W. G. Fleming has been named supervisor of field cashiers, and Carlton C. Duke becomes supervisor of the tabulating division, IBM department.

Life & Casualty will begin operations in Texas soon, first opening offices at Dallas, Fort Worth and Houston.

Christian Mutual Life of Concord, N. H., has purchased a building there into which it will move its home office.

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Lounsbury Tells Current Trends in Insurance

Top management of the insurance companies is very much interested in the encroachment of government—mostly federal government—into the field of insurance, Ralph R. Lounsbury, president Bankers National Life, said at the insurance institute sponsored by the Nebraska Insurance Federation at Lincoln. With so many people and so much money being used to build a bigger and bigger central government, it is not to be wondered at that there are those who want either to have the federal government take over the insurance business or to crowd the private companies out, he added.

Public With Private Business

"We in the business feel that the people will continue to support the privately conducted insurance business and refuse to allow further invasion of the field by government when they realize that privately operated competitive business is always conducted at less cost than when government operated, if the latter makes proper charges for invested capital, depreciation, and taxes; and that only in a competitive situation does a business strive continually to give better service and a broader choice to the buyer."

Mr. Lounsbury also named as two of the many concerns of top management the offering of a product or service at a level or, if possible, declining price, and keeping the product or service up to the minute so that it meets to the fullest extent possible the needs and desires of the ultimate customer. He said that in keeping the cost of insurance services as low as possible, there are two avenues of endeavor. The first is to reduce the losses or claims; the second is to reduce those costs of doing business which are incidental to but indissolubly tied up with the payment of claims. He then gave several detailed examples of how all segments of the insurance business are meeting these two requirements.

Equipment and Methods

Another top-management concern was given by Mr. Lounsbury as the constant search for equipment and methods which will permit insurance company employees to "work smarter—not harder." He reminded his audience that more than 20 years ago the life insurance companies organized the L.O.A.M.A. with offices and staff to find better methods and routines of carrying on the "record keeping" part of the life insurance business.

"Top management has also been concerned with inflation and the threat of more of the same," Mr. Lounsbury said. "Continued inflation is the deadly enemy of all insurance, and the industry has been active in trying to control and reduce it. Inflation kills life insurance by making the promises of the life companies worthless. Of what comfort can it be to a widow to get the dollars promised by her husband's life insurance if those dollars will not buy the things she needs to live on? What good to pay a retirement income to an insured if the dollars he receives have lost their value? . . . We in the insurance business and those not in it must join our efforts to bring inflation to an end. Don't be misled into believing it is good for you—it is one of your greatest enemies."

Set Defense Dept. Parley on Military Selling for Nov. 13

WASHINGTON—The defense department meeting with Louisiana commissioner Martin and a committee from National Assn. of Insurance Commissioners has been set for Nov. 13. Problems involved in the sale of life insurance to servicemen on military installations will be discussed.

Representatives of the armed services and staff of Mrs. Anna Rosenberg, deputy secretary of defense personnel, will attend, headed by Admiral J. P. Womble, acting director of personnel policy. Thomas L. Kane, insurance director, has been invited.

A defense personnel official stated the purpose of the meeting is not to "freeze out" some companies, but to exchange ideas about the services' and commissioners' problems.

Expect GOP Victory to Aid Policy Sales

Many of those interested in the production end of the life insurance business expect the national election results to have quite a salutary effect on sales, through encouraging optimism among business men, with consequent increased business activity, which is always good for life insurance sales.

A secondary result is expected to be a lessened tendency of prospects to offer inflation as a reason for not buying insurance, if a change or impending change in federal fiscal policy seems to be leveling off the inflation spiral. On the other hand it is recognized that some

of the steps necessary to reduce inflation may induce fears of deflation among some prospects.

But, on balance, the general feeling seems to be that any effect that the election's outcome will have on the life insurance sales outlook will be all to the good, though it may be difficult to appraise just how great the effect is.

Faltyssek to Editorial Staff of National Underwriter

William H. Faltyssek has joined the editorial staff of THE NATIONAL UNDERWRITER. He received his training in journalism at Northwestern university. After army service with the parachute infantry, he remained in France to take a public relations position with the U. S. government in Paris. Later he was associate editor of "Safety Education," a magazine issued by the National Safety Council, and most recently was director of publicity for American Life Convention.

Mr. Faltyssek is the son of the late Edward J. Faltyssek, former general agent at Chicago for Equitable Life of Iowa. He was associated with his father as an agent for a brief time following his return from overseas.

Names Van Horn to Cleveland Post

General American Life has appointed J. William Van Horn general agent of its new "multiple agencies" operation at Cleveland. This follows the agency pattern established at St. Louis, Detroit and Houston.

New district managers are Paul H. Dieter, Sanford L. Dieter, Philip C. Dieter and William J. Wood, Jr. The three Dieters are brothers.

Van Horn Career

Mr. Van Horn, formerly a superintendent of schools in Pennsylvania, entered sales work in 1934 and joined Connecticut General at Philadelphia in 1943, becoming manager at Cleveland in 1947.

The Dieter brothers, all service veterans, are following in the footsteps of their father who has made a career of life insurance and is regional group sales manager for Metropolitan Life in New York. Mr. Wood joined the Van Horn agency in 1951.

A regional group supervisor is to be headquartered with the agency to serve Cleveland and northern Ohio.

Creating PROFITS



Join National Reserve Life, and be a part of our big expansion program — and you will have the opportunity of creating profits for yourself.

Attractive, worthwhile territory is now available.

Our tested and efficient Sales Training Program will help you achieve top earnings.

Write today for complete, confidential information.

Write W. E. Moore, Agcy. V.P., Agcy. Hq., Topeka

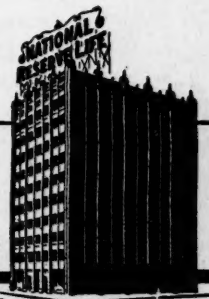
S. H. Wiltmer, Chmn. of the Board

H. O. Chapman, Pres.



NATIONAL RESERVE LIFE INSURANCE COMPANY

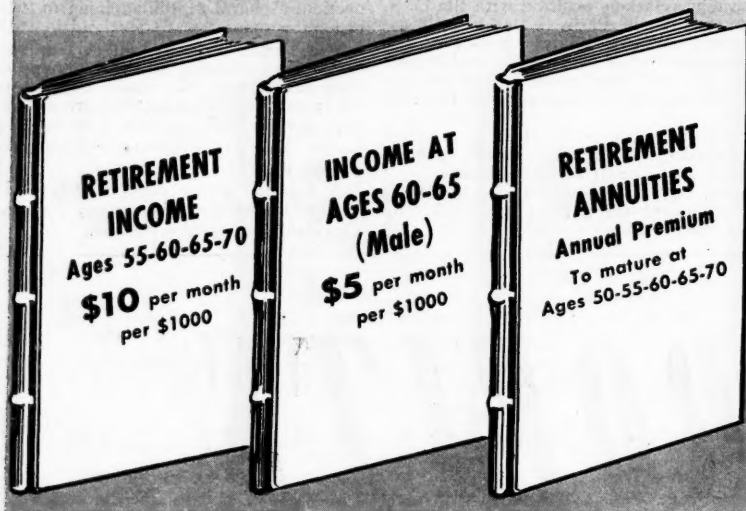
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Life, Annuities, Accident & Health and Hospitalization

HARRISON L. AMBER, President

PITTSFIELD, MASS. • A MUTUAL COMPANY • CHARTERED 1851

MUST MEET POLITICAL CHALLENGE

Agency Building Topic of Northern Cal. Conference

The American agency system in life insurance must do a "big job politically and meet the present challenge or stagnate," R. Edwin Wood, San Francisco president of California Assn. of Life Underwriters, told the 125 northern California general agents and managers attending the agency building conference at Berkeley.

Mr. Wood, reviewing political, insurance and economic trends, cited the increase in group insurance, group credit insurance and government in business as indicating that the independent status of life insurance is in danger. To be prepared to do a better job toward halting these socialistic and "controlled" trends, he said N.A.L.U. should have a minimum of 100,000 members and a full-time qualified representative in Washington. He asked the agency heads to give attention and action to these factors, to cooperate individually and collectively to defeat inimical state federal legislation, such as the Keogh bill and other pending measures.

At the same time, he said, he can see no saturation point in life insurance, that more quality insurance should and can be sold, particularly in California where the population and industrial growth is unprecedented. Mr. Wood was the principal speaker at the luncheon at which E. E. Keller, Reliance Life, general chairman presided at all sessions.

Panel on Financing

Considerable interest was evinced in the morning panel on financing following a detailed review of the problems of recruiting in 1953 by Harry E. Wilkinson, director of agencies in Prudential's western home office. Chairman for that session was Hugh W. Davy, Home Life, president of San Francisco General Agents & Managers Assn.

Participating in the panel were Harold R. Breakenridge, Equitable Life of Iowa, Oakland; Arthur D. Hemphill, Equitable Society, San Francisco; Emons W. Coogan, Prudential, San Jose, and Doyle M. Smith, Penn Mutual, Sacramento. They discussed methods of financing used in their agencies and permitted by their companies. Paul P. Stewart, Phoenix Mutual, was moderator.

W. A. Lane, Metropolitan Life, Oakland, was chairman of the afternoon session which started with a talk by Robert G. Wall, Jr., new San Francisco manager for Union Central.

Mr. Wall said he was in the business eight years before he found the alternative of quitting and owing the agency some \$6,000 or going to work selling life insurance. As a result he became a specialist in business life insurance, making an outstanding success with a record of \$2,200,000 paid for in 1951.

Business Insurance Specialist's Job

He advised the general agents and managers not to expect every agent in the office to turn up with some business insurance. On the contrary, he said, it is a specialist's job. It requires long hours, considerable study and sometimes months—so the agent should be properly financed. He said agents must learn in the field; that he learned things by going into plants, studying them carefully, discussing estate matters with the top executives and, he said through this drudging activity he learned that industrial plants have estate problems—even though some have so-called business life insurance.

Mr. Wall said it is a mistake to "throw an agent into business insurance unless he is properly prepared." This is no part-time job, he said. In San Francisco Mr. Wall said he plans to develop a battery of four agents who will devote their attention to this type of business, pro-

ducing large volumes and premiums. He plans to prepare them in the field, so that they can meet uninformed attorneys and be capable of meeting the tax conditions surrounding each case. He indicated that he has started this program and has already written a number of cases in his new territory.

Training in 1953

T. H. Tomlinson, superintendent of western agencies of Bankers Life of Iowa, speaking on training in 1953, reviewed his company's set program directed to developing productive habits which become automatic. This is done by a procedure which each new agent is required to practice until every effort is automatic. Mr. Tomlinson said this program has succeeded. He called them "routinized habits." Closing with the statement that the people are security-minded, he told the general agents and managers that they are the key men to meet the challenge to maintain the American way of life.

Indicating that one of the most effective means of increasing agents' compensation is by production of more quality business and a higher persistency record, Dr. A. C. Olshen, vice-president and medical director of West Coast Life, aroused considerable interest by his recital of his own company's figures. They revealed the cost of doing low quality business, and of \$1,000 policies as compared with higher average policies, and the effect on persistency. He also gave the basic facts as to why selection of agents is increasingly important to both company and agency manager.

Persistency Means More Income

"The ability to sell persistent business," he said, "is largely an acquired skill. Your own characteristic and your sales technique have the greatest influence on persistency and considerable influence on the cost of doing business. Improving the factors which control persistency means more income for you, your agency and your company."

He said also that "In talking about expenses, we must recognize that there are field expenses and home office expense, with the former making up a major portion of the total. It behooves us to devote close attention to the other half of the problem—field cost. Everybody knows what 'quality business' is and why we want 'quality business'—because it is profitable. However, in our emphasis of 'quality business' we must not by-pass our responsibility to provide the security needed by our lower income population. Also we must not adopt a course which will turn the new agent away from his natural market and, inevitably, from the life insurance business."

Following the conference those attending were guests of Francis V. Keesling, chairman and Harry J. Stewart, president of West Coast Life, at a get-together gathering.

Speakers Announced for South Carolina Seminar

Speakers have been lined up for the life insurance day seminar to be sponsored Dec. 5 at Columbia by South Carolina Assn. of Life Underwriters.

They are L. J. Doolin, manager of agencies Fidelity Mutual Life; Cecil W. Woods, president Volunteer State Life; Henry R. Glenn, associate general counsel Life Insurance Assn. of America; John D. Marsh, general agent of Lincoln National Life at Washington, vice-president of N.A.L.U.; Earl M. Schwemm, manager of Great-West Life at Chicago, and Walter W. Smith, Metropolitan Life, Rutherfordton, N. C.

Would You Today—

appreciate having your life insurance:

- worth five times its present value?
- completely paid up at age 60?
- at a deposit as low as \$2.00 per thousand?

The answer is obvious.

Your father couldn't provide these benefits for you, but, you can give them to your son with

Philadelp^hia's exclusive
GUARANTEE

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N.A.L.U. Building Fund Nears Goal

The memorial building fund of National Assn. of Life Underwriters is reaching the half-way mark and Charles E. Cleeton, general agent for Occidental of California at Los Angeles, immediate past president of N.A.L.U. and chairman of the sponsoring committee, is confident that the \$300,000 objective will be subscribed by the Dec. 31 deadline set at the Atlantic City convention.

The board decided then that a decision would be taken at the midyear meeting next April on the location of the new headquarters, and a committee has been appointed to study proposals from various parts of the country.

Fund-raising efforts are being made by a large number of associations during November to enroll 2,250 \$100 contributors as "charter builders."

A report listing contributions by states and associations will be prepared and distributed later in the month.

Brochures telling the story of the proposed building have been released to all associations where campaigns are being staged to complete the fund without delay. The brochure answers major questions on the need and plans for the headquarters.

Program for Final Session of L.I.A.M.A.

B. T. Holmes, vice-president and actuary of Confederation Life, retiring president of Society of Actuaries, will be the first speaker at the final session of L.I.A.M.A.'s annual meeting, Nov. 17-20, at Chicago. He will talk on home office-field relations.

A panel on current problems will be moderated by Lewis W. S. Chapman, director of company relations of L.I.A.M.A. Participants will include C. H. Tookey, actuarial vice-president Occidental Life of California; E. B. Whitaker, vice-president Prudential; and these L.I.A.M.A. staff members: Kenneth L. Anderson, senior consultant; Burkett W. Huey, assistant director company relations; Brice F. McEuen, senior consultant; Frederic M. Peirce, associate director company relations.

The final speaker will be James E.

Eligible For Life Insurance Company Investment Under the Laws of the State of Texas

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SAFE
SOUND
5% INTEREST
PAYABLE
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16 YEARS EXPERIENCE
OVER 300 CHURCHES
NEVER A DEFAULT

HELP BUILD Churches NOW
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MANAGEMENT CONSULTANTS

O'TOOLE ASSOCIATES
Management Consultants
To Insurance Companies

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P. O. Box 101 Queens Village, N. Y.

McCarthy, dean of the college of commerce, University of Notre Dame.

Protected Home Circle Names Parris to Ohio Post

Protected Home Circle has appointed Thomas W. Parris supervisor for southwestern Ohio, succeeding S. C. Abell, state manager, who has retired.

Mr. Parris joined the society on a part-time basis at Youngstown in 1938, and became a regular in 1941 as district deputy there. The same year he transferred to Warren. In 1950 his deputyship was extended to Niles. Mr. Parris is an army veteran.

W. O. W. Program Praised

"The Woodmen of the World, 400,000 strong, take a back seat to no organization when it comes to doing good turns," a feature article in Pathfinder magazine describes the Woodmen of the World "Fraternity in Action" program, based on a project carried out by the local Woodman camp at Halifax, Va. At this meeting in the high school auditorium, an electric scoreboard, a set of maps and an American flag were presented to the school and the volunteer fire chief was given a plaque as an outstanding citizen.

The article says that in 1951 Woodman chapters gave 1,587 flags to schools, churches and other civic organizations, citizen handbooks to newly naturalized citizens, gold medals to outstanding high school history students, plus such differing items as a mirror to a community center and a public address system to a church minister.

Recognition of the program also was given in two issues of the Star, published at the U. S. Public Health Service Hospital, Carville, La.

Accent Work Shop Idea

At a two-day meeting at Chicago of officers, directors and committee members of Insurance Accounting & Statistical Assn. plans were made for the annual conference next June. An enthusiastic response by members was reported on the workshop sessions held at the Cincinnati meeting in May. Under the leadership of Ralph Kennon, chairman, and Dudley Pruitt, president, the 60 persons at the meeting agreed to increase the scope and extent of the workshop sessions. In addition, it was decided that panel discussions would be held dealing with formal papers that will have been sent out prior to the conference.

Outboard, Marine & Manufacturing Co., Waukegan, Ill., has issued a 3 3/4% \$5 million note, due in 1967, to the Mutual Life. Proceeds will be used to improve Outboard's plant, machinery and office facilities, and to retire a \$2,550,000 note presently held by Mutual.

Fidelity Union Life has moved into its new, 20-story home office building at Bryan and Bullington street, Dallas. The company occupies the second and third floors.

The Hays general agency of New England Mutual Life at Los Angeles is now established in new quarters in the Statler Hotel building.



The item in last week's issue reporting the appointment of Robert W. Reed, Jr., as assistant superintendent of agencies for the midwest division of United States Life at Chicago was accompanied by the wrong picture. Here-with is Mr. Reed's likeness.



Complete-

personal insurance service!

- | | |
|--|--|
| <input checked="" type="checkbox"/> Life | <input checked="" type="checkbox"/> Group |
| <input checked="" type="checkbox"/> Health | <input checked="" type="checkbox"/> Salary Savings |
| <input checked="" type="checkbox"/> Accident | <input checked="" type="checkbox"/> Franchise |
| <input checked="" type="checkbox"/> Hospitalization | <input checked="" type="checkbox"/> Wholesale |
| <input checked="" type="checkbox"/> Medical and Surgical Reimbursement | <input checked="" type="checkbox"/> Brokerage |
| | <input checked="" type="checkbox"/> Reinsurance |

Registered Life Protection

Republic National Life Insurance Company

Theo. P. Beasley, President

Home Office: Dallas

Life insurance in force exceeds \$400,000,000.00



PILOT LIFE SALUTES:

Top Careermen

Why are Pilot agents known for their achievements? Ask these men: E. K. Neville, Birmingham, and R. O. Browning, Burlington, N. C., in 1951 turned in 100 per cent records in persistency for a two year period and thus became the year's top members of the Pilot Careerman Club, the Company's highest quality club.



Pilot Life Insurance Company

PILOT TO PROTECTION SINCE 1903

O. F. STAFFORD, President

GREENSBORO, N. C.

EDITORIAL COMMENT

What the Hancock Advertising Portends

The type of hard-hitting, realistic advertising copy that John Hancock is using in 10 representative cities holds plenty of interest for other companies besides the Hancock. While remaining entirely within the bounds of good taste, this advertising puts the problem of insufficient insurance protection right in the reader's lap. If he finds himself squirming, it's not the advertising's fault but the fact that he is having to think like an ant instead of like a grasshopper.

The campaign is running in four Pennsylvania cities: Allentown, Easton, Erie and Wilkes-Barre, and in Cleveland, Springfield, Mass., Utica, N. Y.; Sioux City, Ia., and Seattle and Tacoma, Wash.

Though using bold headlines and blunt language, the advertisements avoid making the uninsured reader feel that he personally is being singled out as recreant to his duty. Rather, the emphasis is on what inflation has done to life insurance protection programs. Nevertheless, now that he has been alerted to his dangerous situation the reader who needs insurance has no excuse if he doesn't do something about it.

It is still too early to say what effect the advertising is having on sales in the cities where it is being used. But agents' efforts are being tied in with the campaign and the results, when the returns

are in, should be absorbing reading not only for the Hancock's home office and field people but for those of any company that is interested in boosting sales — and that includes just about every company.

It is always a problem in advertising just how far to go in being frank, even alarmist, with readers without irritating them to the point where the advertising does more harm to its product than good. Incidentally, judging from some of the cigarette advertising, you can go pretty far.

While remaining well within the confines of good taste, the Hancock's advertising series is a long step from what is generally referred to as "institutional" advertising. It brings the reader face to face with his family protection situation and produces an emotional reaction, not just a mental one.

If the Hancock's results from its advertising indicate that the "hard-hitting" type of copy can be used to better advantage than had previously been thought, it will be important for the life insurance business. Nobody should feel that such advertising is high-pressure, for after all, when advertisers are scaring the wits out of everybody about everything from B.O. to inability to dance the samba, certainly life insurance has a right to be a little serious about something that really is serious.

PERSONAL SIDE OF THE BUSINESS

W. C. Safford, vice-president of Western & Southern Life, is recuperating at his home following a minor operation. He is expected back at his desk next week.

Dudley Dowell, vice-president of New York Life, has been appointed co-chairman for the business men's committee of the 1953 finance campaign for the New York City councils, Boy Scouts of America. **Walter Weissinger** also a New York Life vice-president, is chairman of the insurance division.

C. W. Van Beyaumont, head of the advertising and publicity departments of Travelers, was an easy winner in his race for the Connecticut legislature in the election Tuesday.

Alexander F. Gillis, general agent at Newark of Metropolitan Mutual Life for more than 30 years, is seriously ill with a heart attack in the West Hudson Hospital, at Arlington, N. J.

David B. Fluegelman, president of National Assn. of Life Underwriters, will be guest of honor at a luncheon Nov. 21 of the life insurance division of New York City Federation of Jewish Philanthropies.

Jesse W. Randall, president of Travelers, has been chosen an "outstanding

boss" by the Greater Hartford Junior Chamber of Commerce, along with **Alfred C. Fuller**, chairman of Fuller Brush Co. The Chamber of Commerce president said Mr. Randall and Mr. Fuller were chosen because of their business policies of advancing young men to positions of responsibility and for their support of the chamber's program.

Joseph E. Garland, Farmville, Va., recently observed his 40th anniversary as a general agent of Pacific Mutual Life. In 1912, Mr. Garland and the late E. Scott Martin founded the organization that later grew to be one of the company's largest general agencies. Since the death of Mr. Martin in 1934, Mr. Garland has been head of the organization. In addition to his insurance service for four decades, Mr. Garland has been prominent in business, social and philanthropic activities.

Robert E. Slater, controller of John Hancock, and **Ralph E. Brown, Jr.**, assistant vice-president of New York Life, are members of the advanced management program now in session at the graduate school of business administration, Harvard University. They will be there through Dec. 5.

DEATHS

MINNIE LAMOTTE ADAMS, who died at the age of 83, was the mother of **Claris Adams**, president of Ohio State Life.

GEORGE PARROT WILLIAMS, 91, retired assistant secretary of Prudential, died. A resident of New York City, he worked for Prudential for about 50 years, retiring in 1929.

CARROLL S. CADWELL, superintendent of tabulating of Minnesota Mutual Life, died. Mr. Cadwell joined the company in 1922, and was first with the actuarial department.

MAYO ADAMS SHATTUCK, 54, widely known in the life insurance business as an authority and lecturer on trust and estate matters, died at his home in Hingham, Mass., after a long illness. He had served as president of the Massachusetts Bar Assn. and was of the leaders in the eastern division of the Republican Post-War Policy Assn.

MARTIN L. CANNON, 67, retired textile manufacturer and a member of the board of Jefferson Standard Life since 1949, died in Memorial hospital, New York City, following surgery.

JOHN S. DAVIS, district manager for Atlantic Coast Life at Georgetown, S. C., until his retirement in 1948, died there.

IBM Machine Is Applied to Insurance in Force File

The IBM electronic statistical machine has been applied to the maintenance of life insurance in force files. A very high percentage of the total cost of this operation is spent in "file maintenance."

The machine combines in one unit the functions of sorting, counting, accumulating, balancing, editing and printing of information. It distributes unit counts into as many as 60 different classifications at a high rate of speed and sorts basic data at 450 cards a minute to provide cross classifications.

The machine makes possible numerical filing, permitting changes to be directed immediately to the master file, eliminating references to other files to locate cards requiring changes. This simplifies location of cards and, at the same time, permits changes closer to the billing date. During this machine processing, files are checked continuously for sequence, eliminating misfiling which often occurs under a manual system. As the machine selects the premium cards and checks the sequence, it also accumulates a control total for the current month's billings.

Where a premium control file has been established, an even closer control is possible by searching the file daily for "howpayables" of the current month. Selected cards are then summarized to adjust the previous control figures.

The customary method of filing by anniversary month by "howpayable," in policy number sequence also is facilitated. Cards can be selected for premium or commission changes, or both, before they are reproduced for billing purposes. Simultaneously, the groups of cards are checked for sequence, mode of payment, and agency.

In the industrial field, the machine facilitates the sequence checking and balancing of the debit file.

Stiff Competition for Salesmen May Grow Even Stiffer

The problems of recruiting and holding good agents may seem difficult now, but competition for such men promises to be far tougher in the not so distant future. The tremendous productive capacity of American industry and the problem of finding enough able salesmen to merchandise it when defense needs have slackened off are at the root of the trouble.

This competition for salesmen may well begin to be felt considerably in advance of the actual release of any substantial additional part of the country's industrial capacity gets back to a peacetime basis. Employers are already aware of what faces them when war orders are cut back — and that could happen almost overnight. With most other lines, as with life insurance, it takes time to recruit salesmen and train them to the point where they are effective.

Dartnell Survey

The shortage of trained salesmen that industry faces is described by the Dartnell Corp. of Chicago, which has completed a research study on selling. Dartnell found that in today's labor market there is a severe shortage of men who are even good enough to be worth training as salesmen. Much of this Dartnell ascribed to poor public relations in selling the idea of being a salesman. Some executives feel that too many who apply for sales jobs do so only as a last resort.

Life company agency executives may be interested to see how closely the executives answering the questionnaires match the life insurance experience in sources of recruits most often mentioned. They rank in this order: Recommendations of salesmen, promotion from within, newspaper advertising, unsolicited applications, educational institutions, personal contacts of the sales executive, employment agencies, and trade journals and magazines.

However, when tabulated according to effectiveness, here was the ranking: Newspaper advertising, recommendations of salesmen, promotion from within, educational institutions, personal contacts of sales executive, employment agencies, unsolicited applications, and trade journals and magazines.

Of the 75 companies answering the questionnaire, 44% said they don't hire competitor's salesmen; 28% report unsatisfactory results from doing so, and 25% note satisfactory results.

Three Social Security Bills

The three new bills to liberalize social security introduced by Senator D. Humphrey, (Minn.) would:

Increase to \$100 per month the amount which old-age and survivors insurance beneficiaries could earn in covered employment without forfeiting benefits.

Make it possible for employees of colleges and universities to be covered under OASI.

Increase by \$5 per month the federal contribution to the states for aid to the permanently and totally disabled, the blind and old-age assistance beneficiaries.

THE NATIONAL UNDERWRITER

—LIFE INSURANCE EDITION

PUBLICATION OFFICE:
175 W. Jackson Blvd., Chicago 4, Ill.
CIRCULATION OFFICE:
420 E. Fourth St., Cincinnati 2, Ohio

ATLANTA 3, GA.—433 Hurt Bldg., Tel. Walnut 9801. Carl E. Weatherly, Jr., Southeastern Manager.

BOSTON 11, MASS.—210 Lincoln St., Tel. Liberty 2-1402. Wm. A. Scanlon, Vice-Pres.

CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 3-2704. O. E. Schwartz, Chicago Mgr. A. J. Wheeler, Resident Manager.

CINCINNATI 2, OHIO—420 E. Fourth Street, Tel. Parkway 2140. Chas. P. Woods, Sales

Editor: Robert B. Mitchell
Associate Editors: Richard J. Thain, Charles C. Clarke and F. A. Post.
Assistant Editors: Ellsworth A. Cordesman and Donald F. Johnson.

Director: George C. Roeding, Associate Manager: George E. Wohlgenuth, News Editor: Roy Rosenquist, Statistician.

DALLAS 1, TEXAS—708 Employers Insurance Bldg., Tel. Prospect 1127. Alfred E. Cadia, Southwestern Manager.

DES MOINES 12, IOWA—3333 Grand Avenue, Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH.—1192 Lafayette Bldg., Tel. Woodward 3-3326. A. J. Edwards, Resident Manager.

Executive Editor: Levering Cartwright.
Advertising Manager: Raymond J. O'Brien.
Teletype OG-654



KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—558 Northwestern Bank Bldg., Tel. Main 5417. Howard J. Meyer, Resident Manager.

NEW YORK 38, N. Y.—99 John Street, Room 1103, Tel. Beekman 3-3958. Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

Howard J. Burridge, President.
Louis H. Martin, Vice-Pres. & Secretary.
John Z. Herschede, Treasurer.
420 E. Fourth St., Cincinnati 2, Ohio.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127, Tel. Pennypacker 5-3706. E. H. Fredrikson, Resident Manager.

PITTSBURGH 23, PA.—503 Columbia Bldg., Tel. Court 1-2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg., Tel. Exbrook 2-3054. F. W. Bland, Pacific Coast Manager.

OBSERVATIONS

New England's "Ads" Featured

The last issue of Sales Management devotes a page to telling the story of New England Mutual's "ads." "What Is a Boy?" and "What Is a Girl?" The article says New England Mutual got immense publicity value out of these essays written by Alan Beck for the Pilot's Log, New England Mutual employee paper. Reprintings of these essays will soon pass the 100 million mark.

Fortune Readers Insurance

The average income of a subscriber to Fortune is \$17,350. The average life insurance owned by these subscribers is \$35,860. Each also has an average of \$63,545 in securities. These figures were published in the November issue of Fortune and are based upon the returns received as a result of sending out 10,000 questionnaires to subscribers.

High Pay Means Low Cost

Many companies can cut expenses by paying higher salaries, members of the American Finance Conference were told at their annual convention at Chicago.

Ernest A. Thompson, executive vice-president of Securities Acceptance Corp., Omaha, Neb., pointed out that "although salary cost is no doubt the largest single item of expense, control of such expense does not mean that it is necessary to pay salaries below the going rate."

"In our operations," Mr. Thompson said, "we have found that we save money by paying higher salaries because by so doing we attract more competent personnel."

There are better ways to cut salary expense than paying low wages, he opined. Among these are such points as consolidating departments to eliminate detail; training personnel to handle assignments quickly and accurately, since untrained personnel "is very expensive and reflects in your overall salary expense"; and anticipating personnel requirements "far enough in advance so you will have trained personnel available when needed."

He urged a constant study of tax laws to be made by a company in order to hold tax to the lowest possible amount, and that all major transactions be considered "with one eye focused directly on the tax laws."

Seattle managers viewed the film, "The Bettger Story," at the November meeting.

Profit Opportunities of Over-Age Risks Told by Forsythe

The A. & H. companies are overlooking a profitable opportunity when they fail to extend hospitalization and surgical expense coverage to so-called over-age risks. E. B. Forsythe, vice-president of Illinois Mutual Casualty, told the underwriting forum of H. & A. Underwriters Conference at Cincinnati.

"The social planners of our federal government have used this segment of our populace to promulgate their theories of government compulsory disability insurance, prepaid hospitalization, surgical and medical care and socialized medicine," Mr. Forsythe said, adding there is no reason why private insurance companies cannot underwrite these risks as well as any other risks.

The over-age risks are those in the age brackets of 65 to 80 years. Most claims on a female risk are between the ages of 40 to 55, he commented, at a time when the insured has no trouble in getting coverage at standard rates on an underwriting basis. Surgical procedures on older persons are not as numerous as in younger risks. Hospitalization, he opined, will not be of any greater frequency, although the length of stay will be longer. "Then why not charge an increased premium to offset the longer stay? Require surgery to be added at a regular premium, thereby giving added protection when needed, but such added protection will not be used as often as it will be in the in between ages."

Loss of income insurance on older persons is not much of a problem, particularly beyond the age of 70, he said, because these people are retired from active productivity. Underwriting medical payment expense on this type of risk is somewhat of a problem in that they require more medical attention and more doctors' calls. What is needed is an adequate premium with perhaps a longer waiting period on first calls.

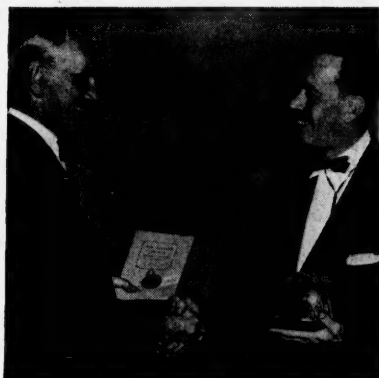
Illinois Mutual Casualty writes hospitalization and surgical to age 74 with no renewal age limit. There is a 50% increase in hospital premium from ages 66 to 74 and surgery is required to be added at the regular premium. Mr. Forsythe said that although the company keeps no separate experience on these risks, "we cannot see that it has affected our loss ratio in the least."

Mr. Forsythe related the underwriting practices of some 100 companies as to over-age risks, based on a survey he made.

The age limits for writing accident with a great majority of the companies are 60-64, or 65-69. For A. & H. the figures are five years lower, but with hospitalization there are many companies insuring to age 80. In the late 50's and early 60's, the companies begin to charge an extra premium for accident coverage, while for A. & H. the extra charge comes in the 50's. For hospitalization and surgery, the companies making an increased charge put it on in the 60's. Forty-two companies questioned make no increase in premium for accident; 72 companies replied that they do not increase the premium after the policy has been issued when the policyholder attains a certain age.

Thirty companies said they reduce benefits under a policy after an individual attains a certain age, while 55 do not. Only 16 companies keep a separate record of experience on over-age risks, 71 not doing so.

Mr. Forsythe reported that several comments were made on the questionnaire indicating that the companies had not had sufficient experience in writing this type of business and are studying it. They were getting into the field and within three or five years will have something worthwhile to report. A few companies indicated they are discouraging writing over-age risks, while others indicated from present observation and studying the claims presented, it does not look as though experience will be bad, the indications being that there is a "great possibility of this being a profit."



Receiving New England Mutual's award from Financial World Magazine for the best 1951 annual report of the life insurance industry, David W. Tibbott, director of advertising, left accepts congratulations of Wesson Smith, executive vice-president of the magazine.



A GOOD BUY
For your prospects
A GOOD SALE
For you

Our popular Modified Five is an attractive life contract for up-and-coming young family men.

Buyers have the advantage of low premiums for 5 years and the contract guarantees continuous protection after 5 years at whole life rates lower than attained-age rates. Conversion privilege within 5 years.

The plan pays writing agents full commissions on entire 1st and 6th year premiums, in addition to usual renewals.

LIFE
Insurance Company
of
VIRGINIA

Established 1871
Richmond, Va.
Robert E. Henley, President

CENTRAL STANDARD LIFE

Founded 1905 — **INSURANCE COMPANY**

211 W. Wacker Drive

Chicago 6

All forms of Life - Accident & Health

ALFRED MACARTHUR
Chairman of the Board

E. H. HENNING
President



DOUBLE PROTECTION when the Need is Greatest

The Manufacturers Life's "Double Protection to age 65" Plan is an ideal plan for the young family man during the years when his Life Insurance protection needs are at a maximum.

- ★ Minimum Policy gives \$5,000 initial protection to age 65; \$2,500 protection thereafter.
- ★ Level premium—substantially less than for \$5,000 Whole Life.
- ★ Non-participating

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YOUR OWN COMPANY FIRST . . . THEN

THE
MANUFACTURERS
INSURANCE **LIFE** COMPANY

GUARDING A WAY OF LIFE

Even though our contribution is small compared with the life insurance industry as a whole, we are proud of the part we have been permitted to play in guarding a way of life for thousands of American families.

Life insurance is a free institution. It continually refutes the idea that individuals cannot provide for themselves. To that extent, it is building self-reliance in the individual, a characteristic basic to the free American way of life.

ATLANTIC LIFE
INSURANCE COMPANY

Established 1900

Richmond, Virginia

NEWS OF LIFE ASSOCIATIONS

Wisconsin Assn. Slates Two Regional Sales Congresses

A regional sales congress at Green Bay Nov. 8 and another at La Crosse have been announced by Wisconsin Assn. of Life Underwriters, in cooperation with the local associations.

Speakers at Green Bay will include Arthur H. Neuhaus, Bankers Life, president Milwaukee association; R. O. Schwarz, Manitowoc attorney; W. H. Froehlich and Dale B. Potts, Occidental Life of California, Milwaukee; Paul A. Parker, agency director of Old Line Life, and Harold F. Bowes, manager Phoenix Mutual, Milwaukee.

The following week at La Crosse, the main speakers will be A. Jack Nussbaum, Massachusetts Mutual, Milwaukee, N.A.L.U. trustee, on "Business Insurance"; Charles B. McCaffrey, assistant director of agencies of Northwestern Mutual, "Estate Planning," and Charles E. Petillon, North American Life & Casualty, Minneapolis, "Motivation."

Several of the local associations in both areas will dispense with their regular November meetings and have their members attend one of the sales congresses instead.

Plan California Meeting

California Assn. of Life Underwriters will hold its midyear meeting at Fresno, Dec. 12-13.

Herbert Schilbe, manager for Prudential at Fresno, will be general chairman.

Set Kansas Round Table

Kansas Leaders Round Table will hold its annual meeting at Wichita Nov. 21. Charles Colby of New England Mutual, Wichita, is chairman. The state general agents and managers association will meet there at the same time.

End Tennessee Institute

Discussion on business life insurance and estate planning dominated the annual life insurance institute, sponsored by Tennessee Assn. of Life Underwriters and University of Tennessee. More than 200 producers attended the two-day gathering. Principal speakers were E. H. White of R. & R. Service, Indianapolis, and J. H. Hardy, Chattanooga public accountant.

Indiana Midyear Is Nov. 15

The midyear meeting of Indiana Assn. of Life Underwriters will be held at Indianapolis Nov. 15.

The meeting is planned as a workshop devoted to a reconsideration of association objectives and activities.

Plan for Ohio Meeting

Nearly 50 attended the quarterly meeting of the trustees of Ohio Assn. of Life Underwriters at Columbus Friday. Plans are being made for the annual convention at Canton May 14-16. There will be three speakers in the morning, a luncheon speaker and a dinner speaker. Chairman Robert F. Horn, Ohio State Life, Mansfield, announced that caravan sessions will be held by the 21 associations in the state this year. A women's group is being organized in the association with Mrs. Lucille J. Means of Columbus as chairman.

200 at Galveston Congress

A program of four top speakers drew an attendance of more than 200 at the annual sales congress sponsored by Galveston (Tex.) Assn. of Life Underwriters.

Myron E. Dean, senior consultant of L.I.A.M.A., talked on "And Now in Closing"; C. H. Berson, assistant vice-president of National Life & Accident, discussed "Stepping Stones to Successful

Selling"; W. O. Gore, training director of Texas Prudential, spoke on "Life Insurance and Social Security Coordination," and J. C. Bullion, director of agencies American National, talked on "The Combination Underwriter."

The speakers were followed by panel discussions, and Frank Simmen, Great Southern Life, association president, presided.

Hold Mo. Sales Congress

The state sales congress of Missouri Assn. of Life Underwriters is being held Nov. 7-8 at Columbia, with William E. King, manager of Fidelity Mutual Life at St. Louis, president, presiding.

Speakers are James E. Krause, assistant manager of Metropolitan Life at Cincinnati; A. Jack Nussbaum, Massachusetts Mutual Life, Milwaukee, and an N.A.L.U. trustee; William E. North, northern Illinois manager of New York Life, Chicago, and Francis L. Merritt, vice-president of Central Life of Iowa.

No. Cal. Congress Set

The northern California sales congress, sponsored each year by San Francisco Life Underwriters Assn., with all of the locals in the northern section of the state participating, has been set for Jan. 15 at San Francisco.

Marquette, Wis.—The opening fall meeting of the Northern Wisconsin-Upper Michigan association was held here, with wives of members guests at the dinner. Howard Bigger, Menominee, Mich., president, presented Frank Saly, Stephenson, Mich., and Richard Lundgren, Marinette, Life Insurance Leaders certificates.

Leonard Simon, Marinette banker, spoke on banking and its relation to life insurance.

Cedar Rapids, Ia.—The association has established an L.U.T.C. course. Roy E. Taylor is educational chairman.

Salina, Kan.—Grant Hoener, New York Life, Great Bend, 3rd vice-president of the state association, spoke on "Sound Selling Expands the Market." Mina Hensley of Franklin Life, national chairman of W.Q.M.D.R.T., received a life membership certificate to that body. L.U.T.C. has been resumed.

Youngstown, O.—Foster L. O'Neill, manager for Mutual Life, discussed "Do Nothing—Be Nothing" at the October meeting of the East Liverpool association.

Dallas—Newman Long, manager for Great-West Life, has been appointed national committeeman, and Hyram Strong, district manager for Prudential, has been named to the board.

Kilgore, Tex.—J. Carlton Smith, educational director of Southwestern Life, spoke at the October meeting of the Oil Belt association.

Sandusky, O.—Virgil M. Fogle, general agent for Ohio National Life at Newark, addressed the North Central Ohio association on "Life Insurance As Property."

Madison, Wis.—John C. Zimdars, New England Mutual, has been elected president to succeed Ray J. Dean, Bankers Life; Joseph P. Betkers, Old Line Life, vice-president; Albert J. Bunker, Prudential, secretary, and John W. Freeman, Penn Mutual, treasurer.

Oshkosh, Wis.—The Fox River Valley association is sponsoring an L.U.T.C. course at the Oshkosh vocational school. The beginners' course will be taught by A. L. Senderhauf, associate director of agencies of Wisconsin National Life.

Elkhart, Ind.—Gerald O. Kelter, manager of the local social security office, discussed "The Revised Social Security Program" before the Elkhart County association.

Utica, N. Y.—Frank Wenner, general agent for Connecticut Mutual since 1933, was given a testimonial dinner. He was presented a traveling bag and scroll in tribute to his 30 years in life insurance, the presentation being made by Howard Wiley, general agent of Massachusetts Mutual.

Fred O. Lyter, superintendent of agencies of Connecticut Mutual, spoke on Mr.

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Wenner's association with the company and the program of its local agency.

Chicago—A special audience participation clinic will be held Nov. 20. In addition, Ward Phelps, assistant superintendent of agencies of Mutual Life, will talk on "The Power that Has Made Us."

Albuquerque, N. M.—Howard L. Cundy, general agent of Northwestern Mutual Life, is instructor of the L.U.T.C. course given at University of New Mexico and which has an enrollment of 25 agents.

St. Louis—"Treasures in Business Life Insurance" will be the subject of Samuel L. Zeigen, general agent at Provident Mutual Life at New York City, who is the speaker for the Nov. 19 luncheon meeting.

Wilkes-Barre, Pa.—John H. Livingston, assistant trust officer of Miners National Bank, spoke on "Estate Planning."

Scranton, Pa.—L.U.T.C. courses have begun at University of Scranton, with W. J. Prestlock, district manager of Jefferson Standard Life, in charge. Instructor for the first year course is Thomas R. Davies, assistant manager of Metropolitan Life, and for the second-year course, Glenn R. Letterman, life insurance consultant.

ACCIDENT

Follmann Is Chairman of N. Y. A. & H. Advisory Board

Joseph F. Follmann, Jr., manager of the Bureau of A. & H. Underwriters, was elected chairman of the advisory board on A. & H. examinations of New York state at its recent meeting. J. F. Lydon, manager of the A. & H. department of Ocean Accident, was elected vice-chairman, and Elizabeth Slawsky of the New York department, secretary.

The board discussed a Handbook of A. & H. which has been prepared by the board and published by the National Underwriter Co.

Earl R. Trangmar, administrative assistant of Metropolitan Life and manager of the board, and Frank Curran of Loyalty group emphasized the ever growing need of insurers writing A. & H. to make use of the handbook in preparing prospective agents for the license examinations in New York.

Walter F. Brooks, deputy superintendent of insurance of New York, discussed the need of companies and general agents giving greater attention to the preparation of applicants for agency licenses in this field. Mr. Follmann noted the losses suffered by the companies and general agents when they submit the names of persons not properly trained as license applicants. He suggested that all companies writing A. & H. in the U. S. should make greater use of the handbook because of the valuable information that it contains. A proper study of its contents will lead to more successful passing of examinations in New York and elsewhere, he said.

Mr. Brooks said he would be very happy to furnish companies and general agents with statistics to help them analyze examination results.

Hear Hospital Official

Alvin T. Sutherland, collection manager of Madison General Hospital, spoke at a luncheon-meeting of Madison (Wis.) A. & H. Assn. Various aspects of hospital operations and the value of hospital coverage were discussed.

Hold N. W. Wis. Congress

Northwest Wisconsin A. & H. Underwriters Assn. held its fall meeting and sales congress at Eau Claire. Gibson Wright, Continental Casualty, president, was chairman and spoke on "A. & H. and Its Importance Today." Carl Bylander, Washington National, vice-president, discussed association activities. As guest speakers Carl Ernst, North American Life & Casualty, St. Paul, past president of the International association, gave his talk, "The 3-Ss in Selling," and A. M. Hanson, Washington

National, Evanston, Ill., discussed "Prospecting." Agents from La Crosse, Chippewa Falls and Wausau also attended.

Hike Wis. Blue Cross Rates

Rates of Associated Hospital Services of Wisconsin (Blue Cross) will be increased 25% Jan. 1. The higher rates will be put in for all types of Blue Cross plans.

The Blue Cross said that it paid for treatment of 393.7 cases out of each 1,000 subscribers in the first quarter of 1952, an increase of 37.5 cases over the same period last year. Hospital payments totaled \$6,697,937 in the first eight months of 1952, up \$1,566,439 from 1951.

Rates for the comprehensive group subscribers will increase from \$1.40 to \$1.80 for individuals; from \$3.80 to \$4.80 for families, from \$2.80 to \$3.60 in a military plan.

Arrange Ind. Sales Forum

A sales forum on prospecting will be held Nov. 10 by Indiana Assn. of A. & H. Underwriters at Indianapolis.

Joe Whittington, general agent, Monarch Life, Indianapolis, will discuss prospecting in the professional and business men's field; W. A. Helms, Monarch Life, Anderson, will assist Whittington. Prospecting for wholesale and group will be considered by Spafford Orwig, Orwig agency, Indianapolis, and Robert Garrett of the same agency, Lafayette. Alden Palmer, Insurance R. & R., will summarize the talks.

Sales Talk at Milwaukee

Glen B. Elliott, sales manager of Gaylord Container Co., talked on "Who's Selling Who" at the Nov. 6 meeting of A. & H. Underwriters of Milwaukee.

Members Give Sales Ideas

At the Nov. 3 meeting of Pittsburgh Assn. of A. & H. Underwriters a number of the members gave brief sales ideas at a round table session.

Claim Men to Hear Bernhard

Frederick T. Bernhard, Home Life, president of International Claim Assn., will address the Nov. 12 meeting of Chicago Claim Assn. He will outline the activities of International Claim Assn.

Seeks to Take Over Mid-West

The Indiana department has filed suit in Dearborn county circuit court for control of Mid-West Ins. Co., an Indiana "charter" company. The department reports that in 18 months it has received more than 100 complaints against the company concerning non-payment of claims.

Va. Blue Cross Liberalization

Virginia corporation commission has approved the liberalization of the contract of Virginia Medical Service (Blue Shield). Without increasing rates, Blue Shield now pays for hospital and medical benefits after the patient has been confined for 24 hours instead of four days. Surgery benefits are broadened to include surgery performed in a surgeon's office as well as that done in the hospital. The contract now provides for treatment of children as soon as they are born instead of after the age of one month. Payment provisions for diagnostic x-rays under orders of physicians have been liberalized.

New Biloxi District Office

Commissioner Davis was principal speaker at a banquet following an open house at American National's new agency at Biloxi, Miss.

In addition to Frank Barhanovich, manager, home office officials on hand included Mike Furbush and O. M. Curb, assistant vice-presidents; Leo Sexton, agency director; Harry Pfeug, training supervisor, and Walter Howard, regional supervisor.



Leadership...

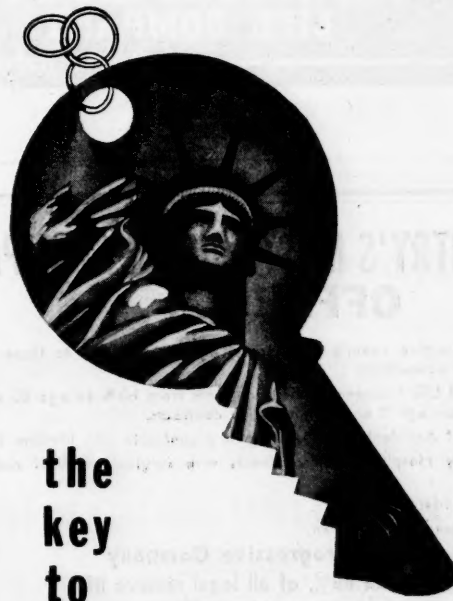
As a leader in the non-cancellable disability field, we invite comparisons of benefits . . . of premiums . . . of service. But we especially welcome your attention to the manner in which we treat the policyholder.

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Edward R. Hodgkins.....Vice-Pres. and Mgr. of Agencies

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PRESIDENT

GEORGE L. HAMLIN, C.L.U.
AGENCY VICE PRESIDENT

1952 — OUR SECOND HALF CENTURY



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Omaha, Nebraska

THE COUNTRY'S MOST FRIENDLY COMPANY OFFERS...

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NORTH AMERICAN BUILDING, CHICAGO 3, ILLINOIS

LIFE AGENCY CHANGES

Mueller New Indianapolis Chief of Provident Mutual



R. M. Mueller

Provident Mutual Life has appointed Richard M. Mueller manager at Indianapolis. He will succeed Wendell Barrett who will devote full time to personal production.

Mr. Mueller has been in life insurance for a number of years, most recently with Prudential.

Noonan Wyo. General Agent

Continental Assurance has appointed Donald J. Noonan of Casper as its first general agent in Wyoming, which it has just entered.

Mr. Noonan is the current president of Wyoming Assn. of Life Underwriters and a national quality award winner. Before going with Continental, he was field assistant of Equitable Society. He will concentrate his initial efforts in the Casper-Cheyenne areas.

Name Fleisher at Cleveland

Henry C. Fleisher has been appointed assistant general agent of the E. Clare Weber general agency of New England Mutual at Cleveland. Mr. Fleisher has been with the agency since 1936.

Home Life, Pa., Changes

Home Life of Philadelphia has promoted four field managers to district managers and has transferred four district managers.

New district managers in Pennsylvania are Andrew Davidyock, Lansford; C. S. Richardson, Easton, and Anthony J. Budash, Carbondale. John E. Gilligan is manager of Wilmington, Del.

Transferred to new Pennsylvania offices are Andrew J. Kerrick, Allentown; George J. Rondish, Reading; C. C. Sharkey, Wilkes-Barre, and John M. Cressman, Bethlehem.

Beers Heads New Agency

Guardian Life has appointed William W. Beers manager of a new agency at White Plains, N. Y.

Mr. Beers, a C.L.U., has been production manager of the Nashem agency of Mutual Benefit Life at New York City since 1948. Before that he was an agent and assistant general agent in the New England Mutual agency at Rochester, N. Y., headed by his father, W. H. Beers, now retired.

U. S. Life Names Gallagher

United States Life has named John J. Gallagher general agent at Silver Spring, Md. He was formerly a supervisor for Pacific Mutual Life. Mr. Gallagher entered the business with John Hancock. He is a navy air veteran.

Boston Mutual Changes

Boston Mutual Life has made the following changes and promotions in its district management staff:

John J. Quinn, manager at Salem since 1936, was transferred to Dorchester to succeed the late Talcott Burgess. Foster F. Allen, manager at Manchester, N. H., replaces Mr. Quinn at Salem, and Alfred G. Jacobsen, Jr., assistant manager at Manchester, moved up to manager.

Henry L. Horan, manager at Pawtucket, R. I., for 21 years, becomes manager at Providence, succeeding the late Ambrose F. White. Benjamin M. Green transfers from manager at Fram-

ingham to manager at Fitchburg to replace the late Morris L. Goldman. Joseph G. Glynn, Jr., assistant manager at Fall River, has been promoted to manager at Pawtucket, R. I., and Valentin B. Lagueux, assistant manager at Lewiston, Me., has been promoted to manager at Framingham, Mass.

Garland to Minn. Mutual

Joseph F. Garland has been appointed general agent in Philadelphia for Minnesota Mutual Life. He has had 15 years experience in life insurance selling and sales management.

He has been supervisor with the home office agency of Penn Mutual for the past five years and is director of the Insurance club of Philadelphia and a member of the Philadelphia Assn. of Life Underwriters, as well as its general agents and managers section.

Oakland-East Bay Forum

Oakland-East Bay Life Underwriters Assn. is one of the sponsors of investment forum being held every Monday for six weeks until Nov. 24. Melvin E. Wogoman, association president, will be one of the six speakers and will present on that date "Life Insurance—What Is It?"

Supervisors Slate Hansch

August C. Hansch, Mutual Benefit Life's director of agency personnel, will address the New York City Life Supervisors Assn. at a luncheon meeting Nov. 10, on ideas that have proved useful in meeting the problems of recruiting, selection and training.

34 Attend Equitable, Ia., School

Thirty-four agents of Equitable Life of Iowa attended the semi-annual home office school of instruction and review Earl E. Smith, assistant agency vice-president, and Wilson L. Forker, field training supervisor, were in charge.

Waddick Made Ass't Manager

John J. Waddick, Jr., has been promoted to assistant manager of the Merle Loder agency of Mutual Life at Chicago. Mr. Waddick joined the agency in 1950.

COMPANIES

Storck to Home Office

Harry Storck, for 13 years regional superintendent of agencies of California-Western States Life with headquarters at San Francisco, has been transferred to the home office at Sacramento, Cal., to assume broader agency supervisory duties.

Before joining the company Mr. Storck was an agency supervisor for Acacia Mutual on the west coast.

Old National to Build

Old National Life of Texas has purchased a site at Fannin and Ewing streets where it plans to build a home office which will have an eventual height of 15 floors. Originally, the building will be five stories. The estimated cost is \$500,000.

M. John Brand, formerly manager of Republic National at Dallas, has been appointed agency director.

Pacific Mutual Shows Gain

At the end of its fourth week Pacific Mutual Life's traditional, field-wide fall inter-agency production contest reflected a 33% increase in amount of life insurance written as compared with the corresponding contest period in 1951.

with an almost exactly parallel increase in A. & H. writings.

OK National Home Stock Boost

Stockholders of National Home Life have approved proposals to increase authorized capital from \$200,000 to \$500,000 at \$1 par value per share. Following insurance department approval, the company plans to issue 50,000 shares at not less than \$1 per share, the remainder to be issued later as the board of directors may determine, but in no event for less than \$1 per share.

SALES MEETS

New General Agents Parley

Pacific Mutual Life next week will hold its first home office conference for new general agents at Pasadena.

Subjects scheduled for consideration include recruiting, financing, basic and advanced agent training, morale building and motivation, leadership, planning and personal time control.

Richard F. Blaul, director of agency management training, will be in charge of the conference.

Host Freshmen Producers

Penn Mutual Life was host to 23 first-year producers during a three-day gathering at the home office. Executive conferences, punctuated with luncheons and an overnight visit to Atlantic City, highlighted the visit.

Federal, Ill., Plans Fla. Meet

Federal Life of Illinois will hold its annual convention for top producers Nov. 9-14 at Miami Beach.

A program of business meetings and discussions is planned, and on hand from the home office will be L. D. Cavanaugh, president; Spencer R. Keare, executive vice-president; Glen W. Myers, vice-president and actuary, and Emery A. Huff and Herbert Jensen, assistant superintendents of agents.

POLICIES

Jefferson Standard Offers New Premium Refund Plan

A new policy contract, the premium refund investment plan, is being offered by Jefferson Standard Life. It is issued on the participating 20 payment basis and provides increased paid-up protection after 20 years together with full return premium benefits during the first 20 years in addition to the face amount.

Each \$1,000 of face amount is paid up for \$1,400 of participating insurance at the end of 20 years. The guaranteed cash value at age 65 of the \$1,400 paid up insurance is \$1,001.43. After 20 years the insured may surrender the extra \$400 of paid up insurance for its cash value and continue the \$1,000 paid up participating policy.

Issues Youth Estate Saver

Capitol Life of Denver has issued a juvenile estate policy at \$1,000 to age 18, when, presumably the youth is enroller for college. The coverage increases \$1,000 per unit each year until, at age 21 and thereafter, the youth has an assured estate of \$5,000 per unit.

The increases in insurance are automatic, and do not require evidence of insurability. The premium per unit remains the same throughout the premium paying period to age 65, when the policy becomes paid-up for the face amount of \$5,000 per unit.

New MM Policy

Midland Mutual Life is issuing an endowment at age 85 policy in minimum amounts of \$5,000. The policy is issued at ages 10-65 to standard risks, and ages 15-60 to substandard risks.

COMPANY MEN

W. M. Rothaermel Resigns as V.-P. of Pacific Mutual

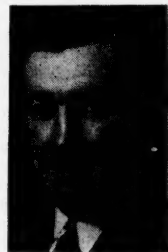
W. M. Rothaermel has resigned as vice-president of Pacific Mutual Life, a post he held since 1940. He has not announced future plans.

Starting as an agent of Equitable Society at Oklahoma City in 1919, Mr. Rothaermel later served as supervisor, agency assistant in the home office, superintendent of agencies with headquarters at San Francisco and for eight years superintendent of agencies for the central department. In 1937 he went with Continental American Life as vice-president in charge of agencies, and was elected a director the following year.

Mr. Rothaermel joined Pacific Mutual in 1940 as vice-president in charge of agencies. He was made vice-president at large with general administrative duties in 1950.

Active in association activities, he was a member of the executive committee of Life Agency Officers Assn., one of the original directors of L.I.A.M.A., and the first chairman of the A. & H. committee of L.I.A.M.A.

W. M. Rothaermel



Bruce, Guarantee Union Chief, Resigns

Thomas M. Bruce, Jr., has resigned as president of Guarantee Union Life of Los Angeles. The company has not as yet named a successor.

Mr. Bruce, whose future plans are unannounced, was a member of the law firm of Jenkins & Jenkins at Philadelphia before he was named president of the company. Before that he served as an agent.

Lawton Goes with N. Y. Life

Philip N. Lawton has joined the field training division of New York Life as an administrative assistant. He formerly was with Insurance, R. & R. as editor of the management plans division.

Before naval service, Mr. Lawton was with the investment firm of Hornblower & Weeks. He for a time was an agent with Aetna Life.

Campbell to National, Vt.

National Life of Vermont has appointed Norman L. Campbell assistant actuary. He has been assistant actuary of Teachers Insurance & Annuity.

A fellow of the Society of Actuaries, Mr. Campbell started with Manufacturers Life at Toronto in 1935. Following service with the Canadian air force in the last war he joined Royal Ins. Co. at Montreal in 1947 as assistant life secretary. He went with Teachers in 1949.

Martin J. Mullen, director of publicity of General American Life, has retired after 18 years in the life insurance business to go with Maritz Sales Builders of St. Louis, as director of sales promotion and advertising.

Frank W. McCabe, Albany, N. Y., has been elected a director of Berkshire Life. He is executive vice-president and director of National Commercial Bank & Trust Co., Albany, and is also vice-president and director of South Texas Development Co. and Wytex Oil Corp.



Strong Hands

The combination of natural ability, ring generalship learned through experience, and a fighting heart usually marks the champion boxer. But with it all, he knows the importance of having strong hands.

GUARDIAN strengthens the hands of its field representatives by offering a diversified and well-rounded kit of attractive policies and services.

Included among them are:

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- Low premium TERM
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VERY ATTRACTIVE POLICIES

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CAN HANDLE UNLIMITED AMOUNT
OF SALES VOLUME

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UNITED STATES GUARANTY LIFE

J. E. Kelly, President

7 Weldon

Phoenix, Arizona

O'Leary Considers Investment Trends, Presents Life Company Problems

(CONTINUED FROM PAGE 1)

which confront the companies in this field. Certainly, the problems today are by and large much less pressing than those faced in the depressed '30s and during the war. However, problems do exist today — they are bound to exist in a field as dynamic and important as life insurance investing. His approach in considering these problems was selective, he said, and the order in which they were discussed was more or less on the basis of the immediacy of the problem. These were given as valuation of assets; direct placements; purchase of common stock; restrictiveness of state laws; the expanding network of federal influence; and the adequacy of future investment opportunities.

Valuation of Assets

Probably the most pressing problem facing life company investment officers today, according to Dr. O'Leary, is to secure a sound basis for the valuation of securities held by the companies. This problem stems from the fact that, under present valuation resolutions of National Assn. of Insurance Commissioners, corporate bonds which are quot-

ed in the securities market and meet a rating test or a yield test may be carried in company statements at amortized cost, but other quoted bonds must be carried at year-end market price even though not in default. Bonds acquired through the channel of direct placement (of which the volume has sharply increased, particularly in the business and industrial category), having no market price, are carried at amortized cost or at some other value at the discretion of the N.A.I.C. valuations committee. Almost all preferred and common stocks must be valued at year-end market price. The resort to year-end market value for a sizeable part of life company assets, and the consequent need to write asset values up or down in accord with the movement of market prices, leads to heavy writeups and writedowns in surplus during cycles in the securities market. In view of the fact that state law places limitations on the size of surplus, the surplus account of companies is vulnerable to a pronounced downturn in securities prices. With the rapid growth in direct placements the problem has been aggravated due to the fact that no

market price exists for such securities and the latitude of N.A.I.C. discretion is therefore greater and more unpredictable. Part of the problem also lies in the fact that the valuation provisions have deterred investment in preferred and common stocks, Baa-rated bonds, and some direct placements because of their vulnerability to writedowns with a general decline in securities prices.

LIFE APPROACH

The approach of the life insurance business to this problem, he said, is that the value of securities held by life companies should be treated on a "going-concern" and not on a "liquidating" basis. That is, it is held that in the valuation of life company securities holdings it should be kept in mind that the companies are long-term investors who can afford to wait out both good and bad periods of business activity and who at any given time have little need to liquidate their holdings. It is pointed out that even in the early '30s, when policy loans were high, the companies were able to meet all demands for cash without any substantial liquidation of holdings (except for a few companies), and that today there has developed a large element of liquidity in life company portfolios through amortization of mortgages and industrial loans, as well as through holdings of United States government securities. It is the position of the business, as expressed by the joint committee on valuation of assets of American Life Convention and the Life Insurance Assn. of America, that experience in the past 30 years has proved that writedowns required by the N.A.I.C. in periods of depressed securities prices have been excessive in the light of losses actually realized over the long run. It is argued, therefore, that if reserves great enough to meet expected actual losses were established, it would then be possible to carry all bonds not in default on an amortized cost basis. Through studies of the entire corporate bond market covering the period 1900-1944, as well as the experience of life companies with their bond portfolios from 1928 through 1930, the amount of reserves needed to cover actual losses on securities has been determined and the joint valuations committee has proposed that these reserves be set up by life companies apart from surplus and that henceforth all bonds not in default be valued at amortized cost. The reserve principle is also employed to justify a departure from year-end market value in the case of preferred and common stocks, with the joint valuations committee proposing that these stocks be valued on the basis of a five-year moving average in order to eliminate sharp writeups and writedowns.

No Solution Reached

"The valuation problem has been under review by the commissioners for some time, but as yet no solution has been reached," Dr. O'Leary remarked. "Last December, however, the commissioners did adopt in essence the system of investment reserves proposed by the life insurance business. At that time, however, nothing was done to introduce stability in the value of securities, so that the industry has been obliged to establish reserves without obtaining more stable asset values. This latter question has been under joint study this year between the industry's committee and the commissioners, but no real progress has been made. The difficulty arises from the fact that the commissioners, despite the buildup of a reserve, apparently still feel that there are some bonds held by life companies, which although not in default, are of doubtful quality and therefore must be carried at a value to reflect the market."

Another area in which problems have arisen in the life insurance business and elsewhere in recent years is in connection with direct placements. The direct placement of securities is not a new development, but the volume has been very heavy in recent years, particularly in the

case of bonds of business and industrial concerns. The bulk of direct placement financing is done by life insurance companies, although other institutional investors have been active in the field.

Mr. O'Leary took up two of the more important problems with respect to direct placements. Recently Securities & Exchange Commission subcommittee of the House of Representatives committee on interstate and foreign commerce at hearings on the subject of direct placement of securities raised the question of whether it was in the public interest to permit directly placed securities to go unregistered with the SEC. The securities act of 1933 specifically exempts direct placements from the registration requirement, and the Congressional subcommittee, popularly known as the Heller committee, pointed to the growth in direct placements and asked whether the practice was not an evasion of the spirit of the 1933 act. During the hearings there were arguments for registration of directly placed securities on the ground that it was needed to protect life insurance policyholders against uninformed investments by company officers. However, the hearings seemed to establish, although no report by the committee has as yet been issued, that direct placements do not evade the spirit of the act in that institutional investors are able to obtain a full and complete disclosure of the facts about an issuer before purchasing the securities. Moreover, institutional investors such as life insurance companies are carefully regulated in their investments by state authorities which provides further protection for policyholders.

UNWANTED CONTROL

The second problem with regard to direct placements is the issue of whether this method of financing will give the life companies unwanted control over corporate management during a general business recession of fairly serious proportions. That is, it is sometimes argued that if a recession and business failures occur, the life companies will find themselves in the position where they will be required to take over the management of defaulting business concerns in order to protect their investments. Such a development, it is pointed out, would involve the hiring of management experts and would be costly, and worse still, it would involve public relations difficulties of great magnitude for the life insurance business as a whole and possibly would threaten some measure of federal regulation. "Although one would have to concede the possible dangers suggested here, it seems to me," said Dr. O'Leary, "that given the fact that life insurance companies have a large volume of the people's savings to invest, the companies will inevitably face public relations problems whether the funds are invested through direct placement or public offering. If a period of heavy defaults should occur it will take wise action by the life companies both to protect their investments and to avoid bad public relations, but I feel confident that this wisdom will be forthcoming."

Purchase of Common Stock

Another problem which in recent years has received considerable attention in the life insurance business has been the extent to which, if at all, the companies should invest in common stocks. The biggest factor prompting this question has been the quest for an improved overall rate of return growing out of the persistent spread in yields between "blue-chip" common stocks and high-grade corporate bonds. Other factors of lesser significance have been the competition of such institutions as mutual funds and the general public recognition of the value of common stocks as a hedge against inflation.

Traditionally the life companies have been wary about common stock investments because of the uncertainty of in-

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come return over the business cycle, as well as the propensity of common stock prices to fluctuate and the requirement that stocks be valued at year-end market price. As mentioned earlier, he stated, this latter barrier still remains, so that substantial investment in common stocks carries the threat of important changes in surplus growing out of swings in the stock market. However, more and more life companies seem to be moving toward a modest investment in common stocks on the assumption that they are long-term investors and that over the long-pull they will receive a satisfactory return.

Still another type of problem which has been a source of concern to life company investment officers in the postwar years has been the restrictiveness of state laws affecting life insurance investments. The root of this problem is

that the process of investment is dynamic and ever-changing in response to the capital needs of the country. At the same time, many state laws affecting life company investments were drawn in an earlier period in a different climate of opinion on investments so that frequently today it suddenly develops that the law unduly limits perfectly good investments by the companies.

Expanding Federal Influence

A broad and long-run problem which confronts the life insurance business is the steady expanding influence which the federal government exerts on life company investments, Dr. O'Leary asserted. The most obvious federal influence on life company investments is the competition which federal lending agencies give to private investors. For example, Federal National Mortgage Assn. acts as a residual purchaser of FHA and VA mortgages to insure a market for these mortgages at the interest rates established in federal law. Thus, in periods in which the demand for capital has been so high as to create a scarcity of VA mortgage money at the 4% rate prescribed by the VA, FNMA has stepped into the breach and purchased VA mortgages in order to hold up the prices of these mortgages. Beyond this, partly again to support the VA 4% rate, the VA has a limited authorization of \$150 million on a revolving fund basis to make direct loans to veterans in areas where VA loans are not available. Furthermore, serious proposals have been made in recent years for direct government loans to cooperative housing and to educational institution. Finally, the direct government lending by the RFC and the federal land banks are other sources of competition to private investors.

In addition to direct competition, the federal government has extended more and more influence over life company investments of a more or less direct nature, Dr. O'Leary continued. "You are all familiar with the two credit control measures exercised by the Federal Reserve in the period after the Korean outbreak until recently, namely regulation X and the voluntary credit restraint program. Both of these measures exerted control over life company investments and, although justified by the defense emergency and the upsurge of inflation, set the precedent for similar action in later periods of not such an emergency nature."

INFLUENCE RETURNS

Beyond regulation X and the VCR program, the Federal Reserve and the United States Treasury, through their power to influence the availability of commercial bank reserves, are able to exert a tremendous influence on the whole structure of interest rates and thus upon the return life companies realize on their investments.

In the past few years the federal government has used the instrument of "moral suasion" with increasing frequency to influence life company investment decisions. For example, in March 1951, at the time of the "accord" between the Treasury and the Federal Reserve, both agencies appealed strongly to the life companies to exchange their holdings of the two longest issues of marketable government bonds for the non-marketable 2½% bonds which were offered at that time. The life companies responded to this appeal by exchanging \$2.9 billion out of total of \$3.2 billion. Again, last February the Treasury and Federal Reserve urged the life companies to invest in government securities to aid in the fight against inflation and to help the Treasury finance its deficit from nonbank sources. Here again the Treasury probably had in mind an issue of non-marketable bonds; the strategy in recent years has been to tie up government securities in savings institution through the issuance of nonmarketable bonds to them. At this time the large advance investment commitments made it impossible

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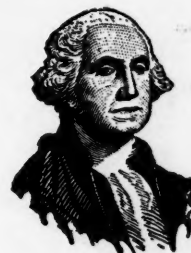
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to accommodate the Treasury's suggestion. A similar situation of "moral suasion" exists in the housing field where the VA and the Senate banking and currency committee keep constant pressure on the life companies to continue heavy purchases of VA loans, Dr. O'Leary declared.

Federal Reserve Purchases

There has been a great deal of criticism of life insurance companies for their disposal of government securities in the postwar period on the grounds that a large part of these securities had to be purchased by the Federal Reserve system in order to support the market, and that these purchases added to commercial bank reserves and thus fed the fires of inflation. Dr. O'Leary's answer to this criticism is that the basic difficulty lay

not in the sale of governments by life companies but in the support purchases by the Federal Reserve. The Federal Reserve policy of supporting governments above par invited sales of governments by all nonbank investors. The inflationary aspect of life insurance company disposal of government securities grew directly out of the purchases by the Federal Reserve rather than out of the sales by life companies. If the Federal Reserve had seriously tried to reduce these sales it could have done so by the procedure finally used in March, 1951—the abandonment of rigid support of government securities prices. It was perfectly natural for the life companies to have followed the investment course which they did follow in the postwar period. The enormous demand for capital funds by business and industry and in the housing field,

in direct response to encouragement by government policy, exceeded the supply available from current savings and created great pressure on life companies to liquidate governments in order to meet the demand. Moreover, as most government economists have argued, the basic solution to inflation in the post-war era was to increase industrial output to catch up with the war-expanded money supply, and life company investments have contributed heavily to the post-war expansion of output.

Adequate Investment Opportunities?

"There is one final problem which concerns life company investment officers which I would like to touch on," he said. "This is the question of whether in coming years the volume of suitable investment opportunities will be great enough to absorb the funds flowing into life companies. This, of course, is an old question which has troubled thoughtful people in the business for many years, and particularly since the '30s. In the postwar period it has been pushed into the background by the tremendous investment boom we have been experiencing. Today, however, the question is again raised, somewhat as follows. Under present conditions the life companies have between \$7-8 billion to invest each year growing out of net cash income after disbursements, maturing investments, amortization of mortgages, sinking fund payments on industrial

loans, and the like. (This amount would exclude any sums which might be obtained through refunding of existing holdings or sales of existing holdings.) Thus, the \$7-8 billion is an annual flow of funds which is unlikely to diminish in any sizable amount in the next several years regardless of business conditions. On the other hand, with the rate of increase in defense expenditures expected to come to a close in 1953, and with the possibility of a substantial downturn in plant and equipment expenditures of business concerns as well as in industrial and other construction, there are some who anticipate that the annual demand for capital funds may recede significantly in the period beginning, say, in 1954. If this should occur, depending upon the extent of the shortage of investment opportunities, the pressure of life company and other institutional funds seeking investments could reserve the post-war rise in interest rates. Such a situation would very likely see an easy money policy by the Federal Reserve which would further depress rates.

"Of course, all of this gloomy picture need not develop if business and government adopt intelligent policies. However, the problem of future investment opportunities is in the back of investment officers' minds as they work today to take advantage of the wealth of relatively attractive offerings."



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UNION POINTS TO 213 CURBS

(CONTINUED FROM PAGE 6)

McCarran act of 1945"; they attempt to regulate and impose restrictions on collective bargaining; they conflict with the federal and New York labor relations laws; they limit collective bargaining as to wages and are "vague, unintelligible and incomprehensible."

Asks Temporary Injunction

Pending determination of the constitutionality of the expense limitation law the CIO asks a temporary injunction restraining the insurance superintendent from enforcing the law.

The CIO brief quotes Justice Frankfurter of the U. S. Supreme Court as stating in *Freeman vs. Hewitt*, 329 U. S. 249 as saying "our starting point is clear. In two recent cases we applied the principle that the commerce clause was not merely an authorization to Congress to enact laws for the protection and encouragement of commerce among the states but by its own force created an area of trade free from interference by the states. In short, the commerce clause even without implementing legislation by Congress is a limitation upon the power of the states. (*Southern Pacific Co. vs. Arizona*, 325 U. S. 761, 65 S. Ct. 1515, 89 L. Ed. (1915); *Morgan vs. Virginia*, 328 U. S. 373, 66 S. Ct. 1050.) "In so deciding, we reaffirmed upon fullest consideration, the course of adjudication unbroken through the nation's history. This limitation on state power, as the *Morgan* case so well illustrates, does not merely forbid a state to single out interstate commerce for hostile action. A state is also precluded from taking any action which may fairly be deemed to have the effect of impeding the free flow of trade between states.

minimum price fixed by New York state for payment to New York farmers, since Vermont left prices to bargaining between buyer and seller. The New York law forbade the sale of Seelig's milk because the Vermont farmers had not received the New York fixed price for their milk. The effect of the law, therefore, was precisely the same as sections 213 and 213-a of the New York insurance law, according to the CIO.

UP TO VERMONT

"The impact of the law in New York, invalidated in the *Seelig* case, on Vermont economy and Vermont legal power was weighed," the brief points out. "To whatever extent it is desirable to reform the economic standards of Vermont 'the legislature of Vermont and not that of New York must supply the fitting remedy,' said Justice Cardozo. This is a due process concept... which New York violated when it attempted to project its law into Vermont, regardless of its admitted health purpose, which was insufficient to outweigh Vermont's interest in its own affairs... "No obvious distinction between these situations can possibly be noted except that in one case it is milk and in the other insurance."

The brief makes the point that if a collective bargaining unit is larger than the state of New York and if the New York law is upheld it would mean that New York is attempting to regulate bargaining in a unit different from that established by the National labor relations board and that "this it may not constitutionally do, since the NLRB has exclusive jurisdiction to determine the unit appropriate for collective bargaining (*Levinsohn Corp. vs. Joint Board of Trade*, 299 N.Y. 454)."

Cites Railroad Case

The CIO brief quotes from *Plummer vs. Railroad*, 31 F. 2d., 123, 124: "Had the statute attempted to fix permanently the wages of employees undoubtedly the Supreme Court would have held it unconstitutional."

The brief then observes: "Thus the Supreme Court of the United States has firmly stated that no state or federal legislature may fix by legislative standards a maximum wage for employees in the railroad industry. If such

(CONTINUED ON PAGE 23)

LOCAL CURBS

"It is immaterial that the local commerce is subjected to a similar encumbrance. It may concern itself to encourage a pastoral instead of an industrial society. That is its concern and its privilege. But to compare a state's treatment of its local trade with the exertion of its authority against commerce in the national domain is to compare incomparables."

The brief also cites the case of *Baldwin vs. Seelig*. Seelig, a New York milk dealer, sold milk bought from Vermont farmers. He paid them less than the

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L. G. SIMON SAYS:

Big Sales, Bigger Potential in \$5,000 Tax-Free Payment

NEW YORK—The new income tax provision exempting up to \$5,000 paid to a beneficiary of a deceased employee by an employer is resulting in a tremendous number of life insurance sales to small corporations and still only a trifling percentage of such prospects have been sold, according to Leon Gilbert Simon, New York City million dollar producer.

Mr. Simon gets around the country a great deal in the course of lecturing on life insurance selling and has been much impressed with the receptiveness of small firms to sales based on the \$5,000 exemption and the extent to which agents who never sold a business insurance case before are cashing in on this market. In his lectures he has emphasized the sales possibilities in this field.

No Saturation Point

In spite of the increasing volume of business that agents are doing in this market, there is no danger of reaching the saturation point, Mr. Simon believes, because there is such a vast number of small businesses. Not only does it help agents get business that they would otherwise miss but it has the psychological effect of getting their feet wet for the first time in the waters of business insurance.

Many who shied away from business insurance as being too complex are having their eyes opened. If they can handle this form of business insurance there is no reason why they cannot go on to something a little more complex and from there eventually to the point where they can handle all of the general run of business insurance situations.

Has Special Appeal

The sale based on the \$5,000 exemption has a special appeal to the small business firm, says Mr. Simon, because it provides a double profit: the corporation gets the proceeds free of income tax (though of course it got no deduction for the premiums) and gets a deduction on the \$5,000 it pays to the beneficiary.

As an example, the company takes in \$5,000 in life insurance proceeds. It has paid, say, \$2,000 in premiums, so it has a non-taxable cash profit of \$3,000. Moreover the \$5,000 that goes to the widow, being a deductible expense is substantially less than \$5,000 after taxes would be.

Mr. Simon found that the plan is particularly adaptable to small corporations because the \$5,000 amount is easily within the company's power to provide unless it is on the brink of insolvency.

Potent Appeal

There is naturally a potent appeal to the employee or executive who will benefit. To such a man, who may well feel that he is unable to afford any more insurance the agent can say, "I can arrange a plan that in effect will give you \$5,000 of insurance without cost to you. The corporation buys it, makes a profit on it and pays \$5,000 to your wife in tax-free funds just like a life insurance policy."

Plans of this type have the advantage of avoiding possible penalties under section 102 of the internal revenue code in connection with unnecessary accumulations of surplus, Mr. Simon points out.

Another market that high estate and inheritance taxes and inflation have greatly broadened is the sale of life insurance on a husband bought and paid for by the wife, Mr. Simon has found. The wife buys the insurance, has it pay-

able to her. When it becomes a claim the money is tax-free because it is not in the husband's estate and she has the tax free money to pay the estate and inheritance taxes.

More and more estates, Mr. Simon says, are being devastated because of absence of the necessary liquidity to take care of estate and inheritance taxes.

It is not difficult to show prospects that estates have been cut in value as much as 50% because of lack of liquid assets to take care of death duties.

Mr. Simon has been using the inheritance and estate tax approach for many years but the market has opened up markedly in the last few years because of increased tax rates and because inflation has boosted the value of properties. Because of the sliding scale basis of tax rates an increase in property values results in a tax that is more than proportional to the increase in value.

Mr. Simon has just completed a book, "Briefs on Business Insurance," which will be published in the near future.

South Texans Get Sales Advice from Business Leaders

Selling ideas were in abundance at the south Texas sales congress at Corpus Christi sponsored by the Gulf Coast, Valley Grande and Corpus Christi Assns. of Life Underwriters.

Speakers were Travis T. Wallace, president of Great American Reserve; Gilbert H. Sawyer, assistant superintendent of agencies of Pan-American Life; W. D. Bacon, general agent of Crown Life at San Antonio; E. K. Hefley, Great Southern Life, Oklahoma City; D. G. Liggett, manager of Southland Life at Houston, and Eddie Dyer, Southland Life, Fort Worth, president of the Texas association.

Mr. Dyer said the state association's chief project for 1953 is its legislative program. He said there is a hope of securing passage of an insurable interest law to protect business insurance agreements between partners, and also hope for a repeal of the law permitting organization of a life company with only \$25,000 initial financing. He said the association will meet with company representatives sometime this month preparatory to working out a mutual program.

A. & H. Is Profit Maker

Mr. Wallace said an agent who is not selling A. & H. policies is missing out on sizable commission income. Activity in this field continually is becoming greater, he said, pointing to a recognition on the part of insurers that this is the type of protection the government will attempt to afford if private insurance fails. A. & H. is helpful as a means of financing an agent over the first year or two of his contract, especially because the coverage is experiencing an upgrade in public popularity.

Because an agent will sell A. & H. whether or not his company writes it, Mr. Wallace said more and more insurers probably will enter this field. The period of experimentation is over and, therefore, A. & H. should be more attractive to companies not now writing it.

The uncontrolled interview came in for criticism by Mr. Sawyer. Often a presentation does not fit the personality of a prospect, thereby lessening the agent's opportunity for a sale. The sales

talk should be organized to the extent that it is a part of the thinking of the salesman, capable of being adjusted according to circumstances. The agent particularly should be alert to the opportunities for closing a sale.

Mr. Sawyer said "RDR" is his prescription for success in selling, describing it as: "relax the prospect, disturb the prospect, relieve the prospect by showing him the solution to his problem."

Mr. Bacon said the agent who loses himself in the welfare of the prospect, putting aside thought of commission, possesses a characteristic that does much to win confidence.

According to Mr. Hefley, consistent production is possible only if the agent establishes definite goals. Mr. Liggett listed various characteristics as essential for success in life insurance, pointing out that optimism and a genuinely happy outlook pervade them all.

Connecticut Mutual Life plans to build a new vault underneath the terrace in front of its home office building in Hartford. The cost may run to \$250,000 and it is expected that it will take two years to complete. The company's present vault, built with the home office in 1926, is filled to capacity with securities totaling some \$450 million.

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A MUTUAL COMPANY
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CIO Suit Points to 213 Weakness

(CONTINUED FROM PAGE 1)

tingency into account in framing the new expense limitation statutes. One angle is that if the extraterritorial control feature, for example, should be held unconstitutional the law should be so drawn that this part of it could be excised with a minimum of damage to the rest of the regulatory legislation.

Might Affect Examinations

If New York should find itself forbidden to exercise extraterritorial control it would probably have to try to get the same result by taking a greater interest in the examination of out-of-state companies. At present, New York leaves this pretty much up to the insurance departments of the companies' respective home states. Lacking its present control over how a foreign company spends its expense money, New York would have to resort to increased watchfulness of such a company's financial condition and treatment of its policyholders. It would have to keep an eye on the results of company actions rather than attempting, as now, to forestall by preventive restrictions the type of spending that might weaken a company financially or result in extravagant use of policyholders' funds.

While the CIO makes much of the restraints which sections 213 and 213-a place on collective bargaining, most company people feel that the state of New York is on firm ground here, that the statute represents a form of state police power which the Supreme Court has repeatedly upheld. The national labor relations act, it is pointed out, guarantees the right of collective bargaining and sections 213 and 213-a do not invalidate the right but only limit to a small extent its area. For example, New York law limits the number of hours per week that a woman can work. If a union should want to enter into a collective bargaining agreement that would call for female employees exceeding this legal maximum it would not be permitted to set aside the state law as interfering with the right of collective bargaining.

Rose New President of California A. & H. Clubs

(CONTINUED FROM PAGE 2)

partment. Only in this way, and with the full cooperation of ethical agents, he said, can the business get rid of unfavorable reactions developed by the incompetent or "high pressure" producer which stimulate public support of government insurance plans.

Milton E. Rose, general agent of Paul Revere and Massachusetts Protective at Los Angeles, reviewed his methods and told why he considers cold canvass a productive sales system. Many start cold canvass, he said, but fail to develop a technique that works, while others seem to dislike such a system. He cited numerous profitable cases which resulted from cold canvass, one of which over the years brought him \$150,000 in life and A. & H. insurance from the original prospect, plus many other cases from his influence.

Arrange Tex. Seminar

The annual Texas Leaders Round Table seminar sponsored by the Southern Methodist University Institute has been scheduled for March 2-6 at Dallas. Consideration will be given business insurance and estate planning, with special attention to taxes, trusts, and timely "insurance situations."

Talk on Insurable Interest

Austin (Tex.) Life Managers Club heard Leslie Rasner of Baylor University, Waco, Tex., who is making an intensive study of the insurable interest law in Texas review that topic. He

was joined in the discussion of points raised by the group by Prof. Henry T. Owen of University of Texas.

He reviewed the provisions of the Texas law defining those who may have an insurable interest and the ways in which it may affect life insurance. He also cited several points in which the Texas law differs from those of other states.

FRATERNALS

Protected Home Circle Names Houtz Treasurer to Succeed Late H. G. Moore

Protected Home Circle has advanced F. Roy Houtz, auditor since 1933, to treasurer succeeding the late Harry G. Moore. Mr. Houtz entered the business with Standard Life of Pittsburgh in 1929.

He is secretary of the grand circle of Pennsylvania, and past president of the Sharon circle. He was elected to the supreme circle in 1941, and became chairman of the mileage and per diem committee in 1949. He is a veteran of the first world war.

Mr. Moore, 51, died at his home at Sharon following a long illness. He had been treasurer since 1935. He joined the society in 1926, and became assistant secretary in 1933. He was a member of the executive committee of the National Fraternal Congress, 1946-48. He was also past president of the Sharon circle.

N. J. Congress Elects Dare

New Jersey Fraternal Congress at the annual meeting at Atlantic City elected Ralph C. Dare of Artisans Order of Mutual Protection, president succeeding L. J. Bayley of Unity Life & Accident. Mr. Bayley becomes head of the executive committee.

Other officers are George Rock, Woodmen of the World, vice-president; Mary Eisert, Catholic Women's Benevolent Legion, 2nd vice-president, and Helen Wold, Royal Neighbors of America, secretary-treasurer.

Royal Neighbors Change

Royal Neighbors has increased its non-medical limits at ages 16-40 from \$3,000 to \$5,000. Limits at ages 0-14 have been increased to \$3,000, while limits at ages 41-44 will continue as \$3,000. These limits will apply in most states.

Aid Assn. Home Office Course

Gerald Herzfeld, Aid Association for Lutherans, is instructor of a class on the principles of life insurance being held at its home office at Appleton, Wis., in cooperation with E. W. Miller, sales coordinator of the Appleton vocational school.

George A. Waech, district manager of Aid Assn. for Lutherans, spoke on "Option Settlements" at a luncheon meeting of Milwaukee Assn. of Fraternal Life Underwriters.

Acacia Mutual Life has applied for permission from the District of Columbia zoning commission to add a seventh story to part of the \$3,500,000 addition planned for the home office.

United of Chicago has been licensed in Florida, extending its operation to 38 states.

Convention Dates

Nov. 17-21, L.I.A.M.A. annual meeting, Edgewater Beach hotel, Chicago.

Dec. 7-11, National Assn. of Insurance Commissioners, midyear, Hotel Commodore, New York City.

Dec. 9-10, Life Insurance Assn. of America, annual, Waldorf-Astoria hotel, New York City.

Dec. 11, Institute of Life Insurance, annual, Waldorf-Astoria hotel, New York City.

Dec. 29-30, American Assn. of University Teachers of Insurance, Morrison hotel, Chicago.

March 26-27, Society of Actuaries, Hotel Commodore, New York City.

April 13-16, National Assn. of Life Underwriters, mid-year, Chicago.

April 20-22, L.I.A.M.A. combination companies spring conference, Plaza hotel, New York City.

April 27-29, L.I.A.M.A. large companies conference, Homestead, Hot Springs, Va.

May 4-6, H.A.A. Underwriters Conference, Drake hotel, Chicago.

May 10-12, Assn. of Life Insurance Counsel, Homestead, Hot Springs, Va.

May 18-20, Canadian Life Insurance Officers Assn., annual, Seignior Club, Montebello, P. Q.

May 25-26, Life Office Management Assn., spring conference, New Ocean House, Swampscott, Mass.

June 29-July 2, Million Dollar Round Table, annual Greenbrier hotel, White Sulphur Springs, W. Va.

June 4-5, Society of Actuaries, Hotel Netherland Plaza, Cincinnati.

June 8-12, National Assn. of Insurance Commissioners annual, St. Francis hotel, San Francisco.

Aug. 24-28, National Assn. of Life Underwriters, annual, Cleveland.

Sept. 21-23, Life Office Management Assn. annual, Netherland Plaza hotel, Cincinnati.

Oct. 5-9, American Life Convention, annual Edgewater Beach hotel, Chicago.

Buffalo Agent Is Fined

Angelo F. Teresa of Buffalo has been fined \$100 by the New York department after being found guilty of making misrepresentations and incomplete comparisons regarding life insurance facts. The hearing was held at Rochester. He is with Prudential.

Back of the Name Lutheran Brotherhood

★ STANDS

the John Lienemann Agency of Beatrice, Nebraska, occupying first place with \$1,915,960 in paid-for insurance for the first nine months of 1952. Under the progressive and experienced guidance of such outstanding General Agents and Field Supervisors, unlimited opportunities are afforded the Career Life Insurance Representative. Liberal first-year commissions, vested renewals, special incentives for quality and persistency of business, as well as an attractive retirement program are open to qualified, Lutheran applicants. Investigate the possibilities today!

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A Legal Reserve Fraternal Insurance Society

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SHARON PA.

Opposing Brief Highlights in C.I.O. 213 Suit

(CONTINUED FROM PAGE 20)

be the law in respect to railroads, whose importance to the public has as great an acknowledgement as life insurance, then the same proposition must be equally true in the case at bar."

More than 20 years ago the Supreme Court decided in the O'Gorman & Young vs. Hartford Fire case in New Jersey that the New Jersey statute holding that no fire company could pay more to a broker or agent than a "reasonable amount," that is, what it paid to any other broker or agent in the state. The CIO brief cites this case and agrees with the decision as applying to independent contractors in fixing the rate of commission.

Not Independent Contractors

"But what are plaintiffs here?" the brief continues. "They are not insurance brokers or agent-independent contractors. They are, without a doubt, 'workers,' 'employees,' 'collection men,' 'soliciting agents,' 'salesmen,' 'debit men,' 'industrial insurance agents.' Without question they are not insurance brokers or independent contractors."

"It may be suggested to this court that without the power to place a ceiling on plaintiff's wages the solvency of the defendant Hancock might be endangered," the brief continues. "The simple answer is that such matters should be directly regulated (Noble State Bank vs. Haskell, 219, U. S. 104) without interfering with the liberty of the plaintiffs to bargain collectively for improved wages in an inflationary economy."

Say Agents Waive Challenge Rights

(CONTINUED FROM PAGE 6)

lic law 15) in which Congress provided "that the continued regulation and taxation by the several states of the business of insurance is in the public interest (and) . . . the business of insurance and every person engaged therein, shall be subject to the laws of the several states which relate to the regulation or taxation of such business."

Must Apply to Insurance

From the same act the brief states this: "No act of Congress shall be construed to invalidate, impair or supersede any law enacted by any state for the purpose of regulating the business of insurance . . . unless such acts specifically relate to the business of insurance."

The brief cites this passage from the U. S. Supreme Court's decision in Prudential vs. Benjamin, 328 U. S. 408, 431 (1945): "Congress . . . clearly put the full weight of its power behind existing and future state legislation to sustain it from any attack under the commerce clause to whatever extent this may be done with the force of that power behind it . . ."

The state's brief contends that it can scarcely be argued in view of the facts before the court, that the statutory provisions limit the compensation of agents. Rather the statute is designed to protect the proportion of the premium dollar which is dissipated in expenses so as to prevent fraud on the part of the policyholders and to protect the solvency of the companies.

Cites Robertson Decision

Paraphrasing the U. S. Supreme Court's opinion in the case of Robertson vs. California, 328 U. S. 440, (1945) the brief says it would be idle to set up protective restraints with respect to insurance and at the same time permit the companies to pay out expenses without regard to the savings and insurance of the policyholders. Nothing in the statute restricts the right of companies to adjust premium rates.

"In the face of the conceded evils that would flow from the removal of the expense limits set forth in these statutory

As to the CIO's contention that sections 213 and 213-a are incomprehensible, the brief states that "the plain fact is that neither the insurance agent nor the actuaries and experts of the insurance companies nor the superintendent of insurance himself understands the meaning, nature of operation of these sections. Nor is it strange that the meaning, nature or operations of these sections cannot be understood by the very persons whom they affect, since as we have shown there is no ascertainable standard within the sections themselves which would permit such understanding. As a result, these provisions of the statutes fall within that definition of vagueness, ambiguity, indefiniteness, uncertainty and unintelligibility as would make the statutes void."

Temporary Injunction

Arguing for the granting of a temporary injunction the brief says:

"The plaintiff union is faced with the choice of terminating the agreement and thereby engaging in an economic struggle that may be looked upon as a strike to compel an employer to violate the law, or surrender its contract rights to 'reopen' in order to negotiate increased rates of compensation to retrieve wages reduced by reason of increased cost of living since the signing of the collective bargaining agreement in 1951."

The brief declares that there is no question but that the rights of the plaintiffs under the collective bargaining agreement to bargain collectively for wage increases will again be destroyed unless the court enjoins the defendant Bohlinger from interfering and from threatening to interfere with these rights.

for the sake of argument, as effecting a limitation on the earnings of the agents, no conflict with the policies of the national labor relations act is thereby caused. The collective bargaining rights of the employees under section 7 of that act 'is a procedure looking towards the making of a collective agreement between the employer and the accredited representative of the employees concerning wages, hours and other conditions of employment.' (NLRB vs. Boss Manufacturing Co., 118 F 2d, 187, 189)."

"To say that the collective bargaining

rights of agents include the right to seek any proportion of the premium dollar without regard to state requirements for the protection of solvency of companies and the fundamental rights of policyholders and their savings and insurance is to attempt to use these alleged bargaining rights to destroy the entire field of insurance regulation, the vital necessity of which was pointed out recently by the Supreme Court in the Robinson case, 328 U. S. 440," the brief states. "The federal act was not designed to preclude a state from enacting legislation in fur-

*MINNESOTA *SOUTH DAKOTA *WASHINGTON *OREGON
*NORTH DAKOTA *IDAHO *MONTANA

"EVER MEET A PROVIDENT MAN?"

If you live in one of the seven "Provident States" you probably will meet a Provident manager or agent sooner or later. Ask him to tell you about his company. He will do so gladly; he'll tell you how fast his company has grown; you'll learn that the Provident sells more life insurance in North Dakota than any other company; he'll tell you his company was one of the first to qualify its agents for social security benefits.

If the Provident Man you meet invites you to visit the home office and see for yourself, take him up on it. We will be glad to see you!



The PROVIDENT Life Insurance Company

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JOSEPH DICKMAN, Vice President

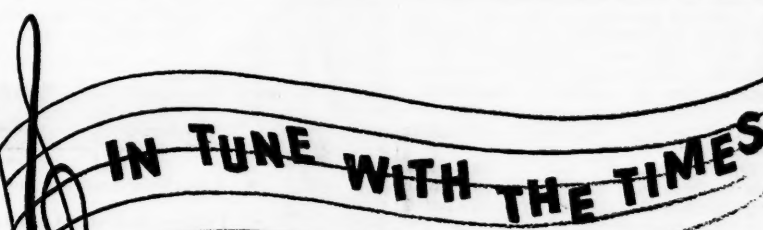
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*"The Provident States"

NO NLRB CONFLICT

"In any event, even if the limitation on the percentage of the premium dollar which can be allocated for expenses for the production of business is regarded,

provisions, the plaintiffs argue that their collective bargaining rights are affected by such limitation not on their earnings but on the percentage of the premium dollar which can be allocated for expenses," the brief continues. "We submit that such contention is frivolous."



To thousands of members, Modern Woodmen of America stands as a symbol of integrity and service. Throughout its seventy-year history, Modern Woodmen has provided, in addition to modern life insurance protection, many "extra" benefits at no additional cost. All of these benefits have been "in tune with the times." Especially outstanding, in view of the rising polio incidence, is the Polio-Protection Plus. This gives Modern Woodmen Beneficial members immediate payment of \$250 if polio strikes; an additional payment of \$250 if the attack results in crippling after-effects or death. Modern Woodmen is pledged to keeping its services "in tune with tomorrow," abreast of its members' varied insurance needs.

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WOODMEN
OF AMERICA



FACTS TO

REMEMBER ABOUT MODERN WOODMEN

- 1 Modern Woodmen has a seventy-year record of faithful service to insureds and beneficiaries.
- 2 More than \$768,000,000 has been paid in benefits.
- 3 Our record of prompt payment is unsurpassed.
- 4 Assets exceed \$170,000,000 in a strong investment portfolio.
- 5 Twenty-five Modern Woodmen certificate forms are issued . . . we insure every member of the family from birth to age 60.
- 6 Those insured in Modern Woodmen automatically receive THE POLIO-PROTECTION at no extra cost.

(ATTRACTIVE CONTRACTS AND CHOICE TERRITORY FOR AGENTS)

therance of the state power to protect the solvency of companies and the basic rights of policyholders, most of them working men also."

In support of this the brief cites this

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RICHMOND

ATLANTA

passage from a Supreme Court decision in the case of Allen-Bradley local vs. Wisconsin employment relations board, 315 U.S. 740 (1942): "This court has long insisted that 'intention of Congress to exclude states exerting their police power must be clearly manifested'... we will not lightly infer that Congress by the mere passage of a federal act has impaired the traditional sovereignty of the states in that regard."

The brief also quotes the Supreme Court in Davies Warehouse Co., vs. Bowles, 321 U.S. 144, 142 (1943): "Where Congress has not clearly indicated a purpose to precipitate conflict we should be reluctant to do so by decision."

Would Bring on Chaos

"Furthermore, as pointed out in California vs. Thompson, 313 U.S. 114, 115, unless some measure of local control is permissible, the activities of the insurance companies and the attendant evils to which we have referred would be wholly unregulated unless or until Congress undertakes that function," the brief points out. "Collective bargaining does not require the states to permit the perpetration of a fraud upon the public such as would arise from the unrestricted proportion of the premium dollar which could be allocated for expenses."

The state contends that the case of Metropolitan Life vs. Burton, 301 N.Y. 397, "has no possible relevancy before this court", and that all that was involved in that case was whether the war labor board could order the payment of increases retroactive to the proceedings before the board. The brief quotes Judge Valentine, who presided at that case, as saying: "The present ruling is specifically confined and limited to the facts and circumstances disclosed by this litigation. It is not intended to affect the application or operation of the salary provisions of sections 213 and 213-a of the insurance law in a proper case."

NOT A PAY BOOST

The brief also points out that the appellate division likewise upheld the payments on the theory that the statute did not increased pay for past services during the consideration by the war labor board, and that the majority of the court of appeals made it clear in its opinion that it was affirming on that same narrow point: "We agree with the trial court and with the appellate division (and with the national labor relations board and with the United States district judge who passed on this same question in Paris vs. Metropolitan Life... without passing on this issue) that the above cited statutes have no bearing on, and were never intended to make unlawful, the ordinary and traditional consequence of collective bargaining, that is the ordering of a wage increase dating back to the beginning of the proceedings."

The state's brief calls it significant that in the report for 1929 by Insurance Superintendent Conway it was noted that "the first-year expense rate of the companies not authorized to do business in New York is about 57% higher than the expense rate of the companies authorized to do business in this state" (and subject to the expense limitations) and "these figures show conclusively that the expense limitations and other provisions of the New York insurance law have constituted one of the major factors in controlling acquisition expenses and in the remarkable progress of life insurance since the Armstrong investigation..." And further, "it will be noted from the above table that the renewal expense rate for the 215 unauthorized companies is about 64% higher than the renewal rate for the 47 authorized companies."

Chicago Home Office Life Underwriters Assn. at a dinner meeting viewed the new film on "Aspects of Accessible Cancer of the Skin", after which there was a case clinic.

Election Results Affects Commissioner Ranks

(CONTINUED FROM PAGE 1)

governor of Michigan, his appointee, Joseph Navarre, is safe. Mr. Navarre is in for a four-year term, whereas the governor is elected for two years and Mr. Navarre's term runs for two more years.

Lawrence Leggett was appointed Missouri superintendent by a Republican governor and Phil M. Donnelly, who was elected there this time is a Democrat. However, Mr. Leggett was a long-time deputy in the Missouri department and his appointment was as a career man. He has many strong supporters on the part of the insurance people in the state and he may very well be retained.

In Arkansas, the governor-elect early in the campaign announced that Herbert Graves would be ousted when he got in. Hence, Mr. Graves will be another with double eligibility for the Passé Club. He was in, then out, then in again.

In South Dakota there are reports that George Burt may soon be coming home from the army and will resume office as insurance commissioner there. In North Dakota, the incumbent, A. J. Jensen, who is a Republican, was re-elected. That is one of the states that elects the commissioner.

Pyramid of Kansas City Names Lynde, Young

Pyramid Life of Kansas City has named two new officers to head its recently organized disability division.

C. M. Lynde has been elected vice-president and sales manager. He joined Pyramid last June, having been with Bankers Life & Casualty the previous six years. He served as sales manager at Philadelphia District most recently and before that claims manager, assistant secretary, and assistant to the agency director at the home office.

David H. Young, Jr., has been named executive vice-president. He formerly was with Reserve Life of Dallas as special assistant to the president and before that was with Bankers Life & Casualty and Central Standard Life.

Sterling Wyoming Hearing Is Postponed Indefinitely

CHEYENNE, WY.—Following agreement by Sterling Ins. Co. to cancel contracts of offending agents and to comply in all respects with requirements of the Wyoming department, the hearing on its license has been postponed indefinitely to give Sterling an opportunity to carry out procedures agreed to, according to Commissioner Taft.

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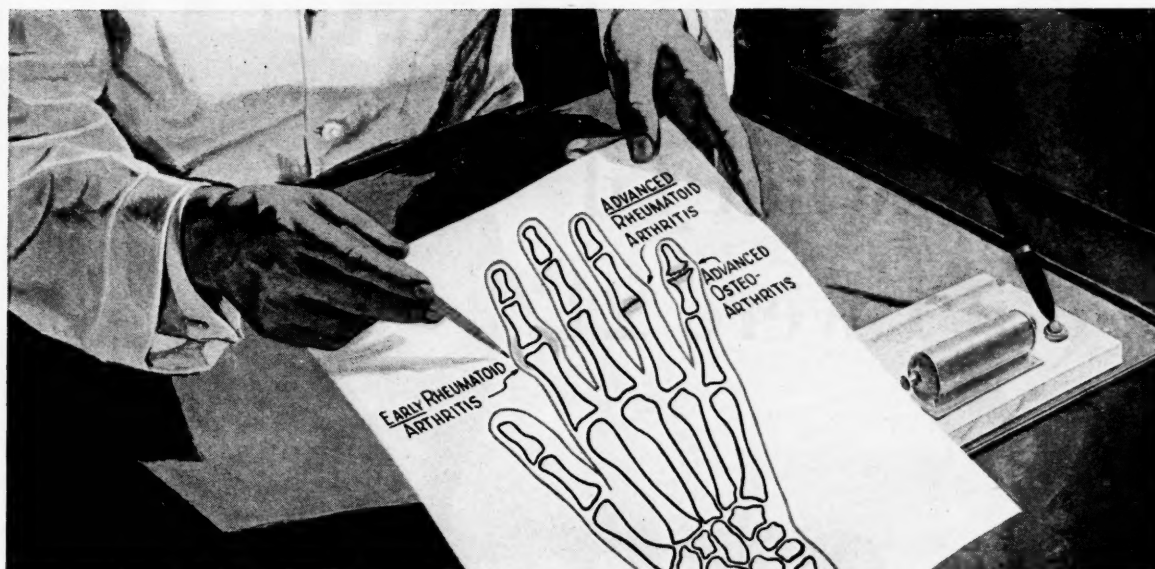
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ARTHRITIS

Today the outlook for most people with arthritis—particularly those affected by the rheumatoid type—is encouraging. This is because medical research has uncovered new facts about this disease, and provided more effective drugs for its treatment.

Such advances are heartening because the arthritic diseases are not only widespread but are second in disabling effect among all diseases in the United States. In fact, the Public Health Service recently reported that more than 10 million people in our country have some form of this disease.

In the sketch above, some basic facts about the two most common forms of chronic arthritis—*rheumatoid arthritis* and *osteoarthritis*—are illustrated. The joint-swelling, which is characteristic of early rheumatoid arthritis, is shown on the index finger. Since the joint itself is not damaged, *prompt* treatment may bring complete relief.

The effects of *advanced* rheumatoid arthritis are shown on the third finger. Here an overgrowth of bone has caused a complete stiffening of the joint. Even at this stage, however, patients can often be helped.

The little finger illustrates the enlarged ends of bones and the diminished joint spaces caused by osteoarthritis. It is primarily the result of aging and generally does not cause severe crippling.

Safeguards against Arthritis

1. Keep your weight at normal, or below.
2. Eat a balanced daily diet, and get plenty of rest and sleep.
3. Maintain good posture.
4. Develop a calm mental outlook.
5. Have regular medical and dental check-ups.

Doctors do not consider rheumatoid arthritis simply a disease of the joints. They say that the person who has this condition generally shows signs of disease of the *entire* body. This may be evidenced by loss of weight, fatigue, anemia, infection, emotional upsets, nutritional deficiencies, and sometimes by other more serious conditions.

Whenever signs of rheumatoid arthritis occur, a *thorough physical exam-*

ination is needed. Only in this way can an exact diagnosis be made and treatment outlined to meet the patient's individual needs.

There is no known cure as yet for rheumatoid arthritis. Medical authorities believe that standard treatment—if continued persistently—can prevent serious complications in 70 percent of cases, and even completely relieve the painful symptoms in many cases. This treatment includes rest, good nutrition, physical therapy, and other measures.

To help prevent arthritis—or lessen the effects if it should occur—one should not neglect seeing the doctor whenever persistent pain occurs in any joint. Moreover, it is most important for the patient to realize that relief from any type of arthritis depends largely on close and faithful cooperation with the doctor in all phases of treatment.

Above all, arthritic patients should take an optimistic attitude toward this disease, because worry and mental strain may intensify symptoms. Today it is reassuring to know that *the great majority of arthritis cases can be greatly helped.*

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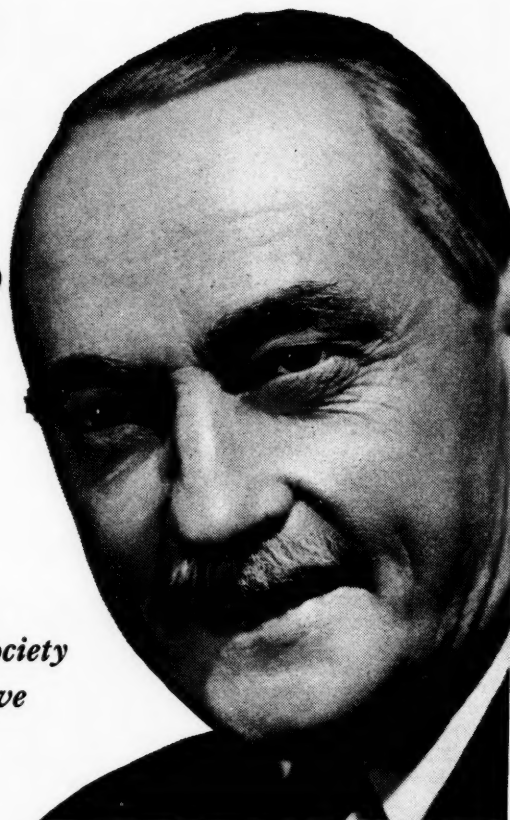
This advertisement is one of a continuing series sponsored by Metropolitan in the interest of our national health and welfare. It is appearing in two colors in magazines with a total circulation in excess of 32,000,000 including Collier's, Time, Newsweek, Saturday Evening Post, Ladies' Home Journal, Good Housekeeping, Cosmopolitan, McCall's, American Magazine, Woman's Home Companion, National Geographic.

Know what I'd do if I were 21?



The call I made at Mary Baxter's house made a great difference in her life...and mine.

*By M. P. W.
Equitable Society
Representative*



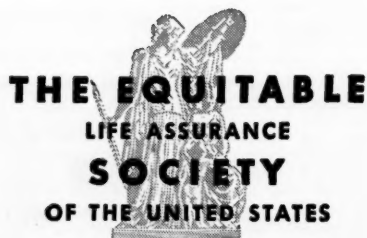
WHAT WOULD I DO? Well, first let's see what I actually *did*.

At 21 I was just starting out in business. I remember as clearly as though it were yesterday, how nervous I was when I made my first call as an Equitable Representative.

I've made thousands since — but never one that made me want to be in any other business. Like the one I made to the Baxter home to explain to John Baxter's young widow about the money that would start coming in, now that John was dead.

That call gave me a realization of just how fine and useful a job I had with Equitable. Mary Baxter could go right on living in the same house on Vine Street without worrying about the upkeep. I saw the fruits of my work hold tragedy at bay — permitting someone to pursue a good life in spite of an unfortunate turn of events.

Yes, if I were 21 again and had a free choice of doing whatever I wanted — I'd do just what I did the first time. I'd become an Equitable man all over again!



THOMAS I. PARKINSON, *President*
393 Seventh Avenue, New York 1, N. Y.

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One of a series of advertisements illustrating how a representative of The Equitable Life Assurance Society serves his community by selling life insurance.